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Department of Economics.

Ph.D. Thesis in Economics:

Entitled:

**IMPACT OF REVENUE GENERATION ON
ECONOMIC DEVELOPMENT**

Case Study Gombe State – Nigeria

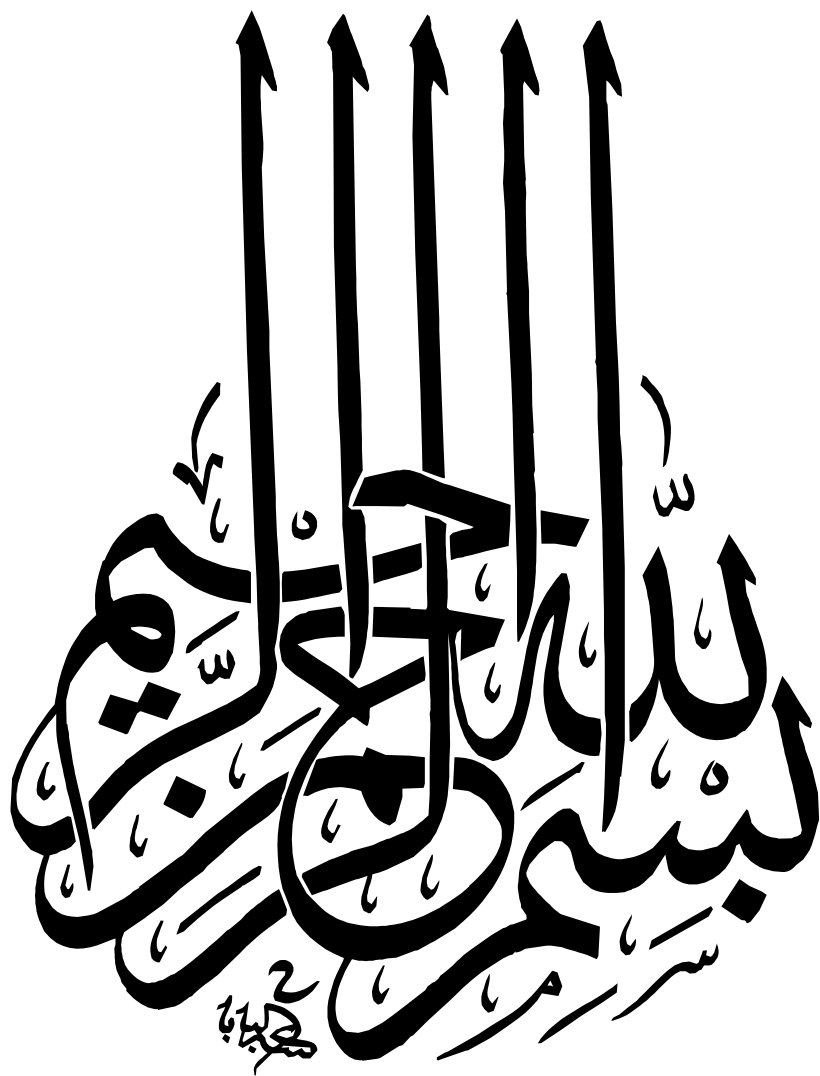
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Ayah

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I thank Almighty Allah to whom all dignity, honor and glory are due, the unique with perfect attributes, who begets not, nor he is begotten, but he is the almighty, Omniscient, Omnipotent, Omnipresent, Lord of creation, May he shower his peace and endless blessing upon all his messengers, including the last of them, Prophet MUHAMMAD S.A.W, his progeny, his companions, and to all who follow their foot step through to the end of the world.

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DEDICATION

I dedicate this Research work to my Late Parents, Alhaji Dalha Haruna and Hajia Hafsat Dalha Haruna. May Allah have mercy on them.

ABSTRACT

This research on impact of revenue generation on economic development, Gombe state. Government retained revenue from the major sources of finance for economic development. Government revenue has grown remarkably over the years, while her expenditure has equally grown at times above revenue resulting in deficit financing. Thus the thesis on impact of revenue generation on economic development comprises six chapters, each chapter has a number of units; chapter one is introduction, aim and objectives, statement of the research, problems of the research, hypothesis, research question, and previous studies. Chapter two is review of the literature on revenue. Chapter three, the theoretical framework on economic development, chapter four, state of Gombe, area, types of government/economy, revenue sources, how adequate, federal government support and hindrance. The chapter five is all about analysis and data processing, chapter six, is conclusions, findings and recommendation. However the broad objective of the research was to analyze the extent to which revenue generation has affected the development of the state, as well as to find out the relationship between statutory allocation to the state government and economic development. The state government faced series of problems ranging from shortage of funds, and mismanagement. This has deterred the development problems of the state. The total dependence on federal government allocation has contributed to the poor performance of the state government, Also there is ineffective utilization of available scarce resources, poor development of the state, lack of basic and social amenities to the rural people, and also the lack of revenue to maintain the existing infrastructure, which caused the state government's poor performance, like, unavailability of social services to the rural populace, Dilapidated infrastructural facilities, and underdevelopment of local government. However, in the hypothesis, revenue generation has a positive impact on economic development in Gombe State, Revenue generation is carefully managed to stimulate economic development in Gombe State, and also government funding on the revenue board can enhance operating capacity through the administrative framework of Gombe State, foreign investment can boost the tax proceed of Gombe State, The research methodology adopted the historical/descriptive, and analytical approach with Gombe State as case study. The problem was analyzed by qualitative services rendered to its people,. The researcher, therefore, recommended that, the government should provide basic amenities of high quality, so as to improve infrastructure, The state Government should not be over dependent on statutory allocation from the Federal government, it also recommended that, state government should embark on meaningful project, so as to improve the standard of living of the people, this can be done through the provision of bore hole, potable water, health services, schools and libraries. The state government should strive toward improving internally generated revenue and instill transparency and accountability in their management structure, by so doing, the people interest would be geared toward given their maximum support to the state government, which would lead to the development of the state, and the country at large. Conclusively, Gombe State government need to restructure the revenue generation drive, so that taxing powers be given to authorities, and also should be allowed to

share major tax bases with other levels of government to enable enough independent funds for development of the state.

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CHAPTER 1

Introduction

Unit 1

➤ Introduction

Unit II Previous Studies

CHAPTER (1)

1.1 Introduction:

Preface:

The increasing costs of running government programs have led various state governments in Nigeria to formulate strategies to improve the revenue base. More so, the remit of the national economy in recent years, because of its reliance on oil, has created serious financial stress for all the three tiers of government¹ Therefore, the need for state and local government system to generate adequate and optimum revenue from internal sources have become a matter of urgency and importance. Nigeria as sovereign nation operates a federal system of government, State government, and local government councils, each level of government has defined responsibilities assigned to it by the constitution², the implication of this is that, three segments of government are mutually interrelated in a unified effort to make life better for the citizens. The state of Gombe is facing serious hindrances and obstacles in its development progress since its inception. Some of the major problems included among others, security, health- care facilities, and infrastructure, e.g., water, electricity and the like. These problems seemed to be unsolvable. The people of Gombe state are keen

¹Aderinto .W(2005) principles and practices of taxation in Nigeria, CobatPublishing Ibadan PP 10- 15

²Edengbanya A, [2014] personal income tax in Nigeria procedures and problems first edition Adebanji publishers LTD lagos Nigeria. PP 45- 47

on enjoying modern facilities, improved means of transport networks, such as road and mass transit services. These desires are in line with objectives of the state government. It is therefore, the researcher's objective and intent to determine, ascertain and evaluate the problems and utilization of revenue generation for economic investment in Gombe State. Revenue generation in Nigeria, State and Local government, principally derived from taxation, tax is a compulsory levy imposed by government on individuals and companies to finance the various legitimate functions and activities of the state¹. The history of Man has shown that, Man has to pay tax in one form or other, that is, in either cash, or in kind, State government in Nigeria developed over a number of years. Historically, the inception of Direct Taxation in State government in Nigeria can be traced to the colonial period, under this period community taxes were levied on communities². Recently the Revenue that accrue to state government is derived from two broad sources; viz, External and Internal sources.

An effective state government system rests on the availability of human and material resources, which the nation could mobilize and harness for state government development. The principal aims of creating state

1. Aboye 2008 A, and Rowland C, (1992) Finance problems and prospects Heineman Education, Oks. PP 20 – 25, Nigeria, Ibadan

2 Rabiun 2004, S.A (2004) Personal income Tax in Nigeria, Procedures and problems, 1st edition; Adebajo Publishers LTD Lagos PP 20- 25.

government were as follows; to serve as the second tier of government through which appropriate services and development are made in response to the wishes of state communities' through their representatives.

1.2 RESEARCH PROBLEM:

The relevance of the state government is measured by qualitative services rendered to its people. And for the state to render any meaningful services, funds are required. Therefore, without the availability of revenues, government will not be able to serve its people.

The state government is faced with series of problems ranging from shortage of funds, mismanagement, etc. This has deterred the development projects of state governments in Nigeria.

The major issues are: what has contributed to the poor-performance of state government?

- a) Is it because of total dependence on federal government allocations?
- b) Is it a result of poor internally generated revenue?
- c) Is it because of ineffective utilization of available scarce resources, or mismanagement by public office holders?

However, certain percentage has been deducted by the federal government thereby causing the state government poor-performance, which includes:

- a. Dilapidated infrastructure facilities.
- b. Unavailability of social services to the rural populace.
- c. Underdevelopment of local communities.

Based on the above stated problem, it has become necessary to conduct an analysis on Revenue Generation in Gombe state.

1.3 RESEARCH QUESTIONS:

- a. Is the revenue generation having positive impact on the economic development of Gombe state?
- b. How can revenue generation enhance the economic development of Gombe state?
- c. What are the problems of revenue generation on economic development of Gombe State?
- d. Does expenditure on infrastructural facility boost the economic development of Gombe state?
- e. Is there need to diversify and develop other sectors of the economy that have the potentials of generating revenue for the government?
- f. How can the development of government agency vested with responsibilities of collecting and administering revenue on behalf of the government?
- g. What possible effects could taxation have on the attitude to work and the consumption habits of individual in Gombe state?

- h.** How committed are the people to taxes, fees, and other dues, in line with the benefit enjoyed by the Gombe state?
- i.** Does tax payer see government facilities as free goods to be enjoyed by all at no cost?
- j.** How does government overcome the shortcomings in Gombe state system, rise to massive leakages and diversions of revenue?

1.4 SIGNIFICANCE OF THE RESEARCH:

This research work seeks to achieve addition of knowledge, more significantly, study is necessary in understanding how revenue can be generated internally, beside the statutory allocation to the state government on monthly basis by the federal government. Also, on how the generated revenue can be utilized for economic development, it will make immense contribution to the state and the Nation at large.

The research is also significant to the academics and practitioners, who will find the materials useful in data analysis.

1.5 OBJECTIVES OF THE RESEARCH:

The broad objective of this research is to evaluate the total revenue generated by the state government and to study the importance of Revenue generation on development in Gombe state, and to determine whether the economic development has significant influence on revenue generation. It also aims achieve specific objectives as follows;

1. To examine the impact of revenue generation on development of the economy of Gombe state.
2. To motivate Gombe state government to evolve in an effective and efficient use of revenue generation toward development.
3. To examine the relationship between statutory allocation to the state government, and economic development .
4. To ascertain the extent to which value added Tax has contributed to economic development in Gombe State.

1.6 RESEARCH HYPOTHESES:

This research was carried out based under the following hypotheses:

1. Revenue generation has a positive impact on economic development in Gombe state.
2. Revenue generated is carefully managed to stimulate economic development in Gombe State.
3. Good funding on the Revenue Board can enhance operating capacity through the administrative frame work of Gombe state.
4. Foreign investment can boost the tax proceeds of Gombe state.
5. There is significant relationship between statutory allocation to the state government, and investment efforts.
6. Allocation from Value added tax (VAT) has significant contribution to government development efforts.

1.7 RESEARCH METHODOLOGY:

The research adopted the historical/ descriptive, and analytical approach plus case study.

1.8 SCOPE OF THE RESEARCH:

The research would appraise, the impact of revenue generation on economic development, for the period 2000-2017, i e, seventeen years in Gombe state – Nigeria.

1.9 THE STRUCTURE OF THE RESEARCH:

The research Comprised 6 chapters, each chapter has a number of units:

1. Chapter One includes: INTRODUCTION

The Introduction, Aims and Objectives of the Research, Statement of the research, Problems of the research, Hypotheses, Research Questions, Previous Studies.

2. Chapter Two:

Review of the literature on Revenue.

3. Chapter Three:

The theoretical framework on Economic Development.

4. Chapter Four: CASE STUDY

State of Gombe, area type of government/economy, revenue resources, how adequate, federal support, hindrance.

5. Chapter Five: ANALYSES AND DATA PROCESSING;

6. Chapter Six: CONCLUSION;

- a. Findings
- b. Recommendations.

PREVIOUS STUDIES:

M, Elizabeth, Published/ PhD. Desertation.2010, Abia state university, pp. 7-12, 2010.

The impact Revenue Generation on the Development of Local Government:

Development is highly associated with revenue, much revenue is needed to plan, execute and maintain infrastructure facilities at the local government level, the needed revenue generated for such development projects, like construction of accessible road, building of public schools, health care centers, construction of bridges, among others, generated from taxes, royalties, fines and grants from state, federal and national government.

The components or elements of infrastructure are electricity, telecommunication, transport etc. M. Elizabeth, 2010, had come out with plan and provision of social amenities for the rural people. This group of people sometimes, lack essential facilities and conditions of modern civilization, they lack pipe bone water to drink, electricity, and good roads. This is the major reason of rural -Urban Migration.¹

1. Revenue generations on the development of local government. Second editin PP. 9- 11.

2. Arewodola A, (2000) Companies taxation, Third Edition Lagos JAA Nigeria Limited. PP. 6-9

It is in this light, that the researcher determines the level of modern social amenities in the local government, and the researcher also finds out the level of poverty associated with the rural - urban Migration.

1.Revenue generation has a positive impact on the people of Umuahia Local government.

2. Poor generation of revenue in Umuahia contribute to the Rural-urban migration.¹

The broad objectives of this study is to evaluate the relationship between the total revenue generated by the state government, and to study the importance of revenue on economic development in Gombe state, and to determine the effective and efficient use of revenue generated toward economic development.

The increasing growth of government revenue is expected to impact positively on the level of infrastructure development in the state.

It is realized that, Tax structure will surely increase the level of government revenue generation, and similarly, there is need to diversify and develop the other sectors of the economy, that have potentials of generating revenue to the government.

However, in the present research, the researcher develops framework in this study closely follow M. Elizabeth (2010). Examine the impact of revenue generation on the economic development of Gombe state.

¹ M, Elizabeth, 2010, Revenue generation, on the development of Local Government,published/ PhD. Dissertation. Abia State University, pp, 7-12, 2010

Previous Studies:¹

Remi and Williams, Published, PhD. Dissertation, University Of Nigeria Nsukka.pp, 13-21

Awareness of value added tax and its effects on revenue generation in Nigeria:

One of the recurrent problems of the three tiers of structures of government in Nigeria is dwindling revenue generation; it's characterized by year budget deficit and insufficient fund for economic growth and development.

This study shall examine the implication of value added tax, on revenue generation in Nigeria, and provide solution and recommendation that will be geared to reveal the benefit of VAT in Nigeria Macro Economics.

The general objective of the study is to examine the impact of revenue, and VAT in Nigeria.

1. The value Added Tax has significant relationship with revenue generation in Nigeria.

2. Value Added Tax has significant effects on revenue generation in Nigeria.¹

Conclusively, the results of the research reveal that, Value Added Tax² is beneficial to the Nigerian Economy. For Nigeria to attain its economic growth, and development³, she must be able to generate enough revenue, in order to meet up with the challenges of her economic development. VAT- [Value Added Tax], in Nigeria is a Federal government Tax, which is centrally, administered using the existing machinery of the federal Inland Revenue services. Remi and Williams.

The economic reasoning emphasized on the impact of revenue need of government, and indicates that, the Value Added Tax has effects on revenue generation in Nigeria.

The present research emphasized on the impact of revenue generation on economic development in Gombe State.

Furthermore the research, developed in this research, closely follow A. Remi Williams (2013), but differ in content, Awareness of Value Added Tax, and its effects on revenue generation in Nigeria, this indicate that no government succeed without proper and efficient revenue generation drive.

¹M, Elizabeth, 2010, Revenue generation, on the development of Local Government, published/ PhD. Dissertation. Abia State University, pp, 7-12, 2010

²Remi and Williams, Awareness of Value Added Tax and its effects on revenue generation in Nigeria, published PhD. Dissertation, University of Nigeria Nsukka, pp 13-21

³Remi and Williams op. cit. (2013). Revenue Mobilization and its impacts on the development of district assembly, the study of KPANDO Municipal Assembly.

However, revenue provides government with the finance, to execute her expenditure.

Previous Studies:

PG Research, KwameNkruma, University of Science and Technology, Ghana.

Revenue Mobilization and its impacts on the development of district assembly. The study of kpando, municipal, assembly kpandovolta region Ghana, PG research, 2011, pp.6 -10

Decentralization has become an increasing widespread and significant dimension of political and administrative reforms in many developing countries, since the late 1980s, for developing to be effective, at the local level, financial responsibility, is thus one of the major components of decentralization, if the local government will carry out the function of decentralization effectively, they must have adequate level of revenue either raise locally or transfer from the central government.

The spirit of decentralization should thus, local government must be generally in a better position than the central government, to identify local needs and to diversify public effectively, given the background, the MMDA, are enjoyed to identify and raise revenue in the form of rates,

tolls, property tax, fees and fines to boost the financial base for development of the locality.¹

1. Revenue generation has positive impact in Kpando Municipal Assembly.
2. Internally generated fund significantly contribute to the development of Assembly².

Conclusively: With regards to the findings of this study compared to N. SenyoKwasi, is the application of research findings to society as well as possible contribution to the theoretical of the research.

Conclusively: the result of this study are consistent, to N. Senyo result, particularly with respect of effect of source of revenue available in Kpando Municipal Assembly, the strategies adopted by the Kpando Municipal assembly to ensure efficient revenue allocation.

On the other hand, the broad objective is to evaluate the relationship between revenue mobilization and its impact on the development of district assembly, and the importance of revenue generation on economic development of Gombe state, and then to examine the relationship between statutory allocation to the two governments.

Both the two localities have ascertained the extent to which Value Added Tax had contributed to government development efforts.

¹Remi and Williams op. cit. (2013). Revenue Mobilization and its impacts on the development of district assembly, the study of KPANDO Municipal Assembly

²NwosoSenyoKwasi, Revenue Mobilization, and its impacts of the development of district assembly, the study of Kpando, municipal, assemblies, Kpando, Volta Region Ghana. PG Research, Kwame Nkruma, University of Science and technology, Kumasi Ghana, 2011, 'Nwoso op. Cit. PP 6-10

Previous Studies:

Edogbanya, and JafaruSule, Study of selected Local Government Council Kogi East Senatorial District, Published Dissertation. Kogi State, University. Published dissertation kogi state university 2013, pp 11-15

Revenue Generation, Its Impact on Government Development Effort¹

Revenue generation in Nigeria Local government is principally derived from tax. Tax is a compulsory levy imposed by the government on individual and companies for the various legitimate function of state. An effective local government system rest majority on the availability of human resources, which nation could be mobilizes, and harness for local government development.

Jafaru Sule (2013), developed a framework on revenue generation. Its impact on government development efforts (A selected local government in Kogi East Senatorial District).

The broad objectives of this research is to evaluate the relationship between the total revenue generated by the local government and rural development of Kogi ease Senatorial District, and that of the impact of revenue Generation of Economic Development of Gombe State.

¹Edogbanya and JafaruSule, op.cit, Revenue Generation, its impact on Government development effort, a study of selected local government council Kogi East Senatorial District, Unpublished dissertation, Kogi State University, 2013, pp, 11-15

1. There is significant relationship between stability Allocation to the local government, and development efforts.
2. Allocation from Value Added Tax, has significant contribution to government development efforts
3. Allocation to local government from excess crude oil account has significant effect on local government development projects.

Conclusively, the government should give recognition on local government as third tiers of government, whereby, government activities on the local government were taking care of, similarly, another reform of local government must be established. This gave a substantial and unprecedented reform of autonomy to the local government in the country¹.

However, the difference between the study and the presence, i.e., revenue generation, its impact on government development efforts, and to evaluate the relationship between the total revenue generation by the local government and rural development while the broad objectives of the present research is to evaluate the relationship between the total revenue generated by the state government and to study the importance of revenue generation on economic development in Gombe state, and to determine the effective and efficient use of revenue generated toward economic development.

¹Edogbanya and JafaruSule, op.cit, Revenue Generation, its impact on Government development effort, a study of selected local government council Kogi East Senatorial District, published dissertation, Kogi State University, 2013, pp, 11-15

Kim¹1995 has shown that in his mode of explaining rate of economic growth, revenue decentralization that is positive and statistical significant change, using a sample of countries. His result also shown that, other things being equal, more public revenue decentralization was associated with more rapid growth in GDPPer Capital during 1974-1989 periods.

The objectives of the research are to highlight the implication of taxpayer, non-compliance on the state economy. This research explores these challenges and constrain in Borno state. The presence research emphasizes on increasing government revenue is expected to impact positively on the level of infrastructural development in the two states, Borno and Gombe state respectively.

H1: Boosting revenue generation and economic development has improved the standard of living of the people of Borno State.

HO: Tax administration does not affect the revenue generation in Borno state².

¹Kim (1) Ibit, 1995.

Analysis for Revenue Generation for Socio-economic and Infrastructural development.

²Waweru (2013), Togler (2003), Op.Cit.pp. 36 – 37, Ibit.

Boosting Revenue Generation and economic development in Borno State, through improved tax payer compliance

Togler, The higher the revenue, the higher the developmental plan for the living standard of people.

Babalola, Op. cit (2009), Tax is a cost to the tax payer, be it on an individual or corporate body.

Previous Studies:

Obechina, M.A, publication of Central Bank of Nigeria.

Analysis of Revenue Generation for Socio-Economic and Infrastructural Development, Borno state Nigeria, unpublished dissertation, 2009. PP. 12-20.

After the World War II, massive public sector, investment assumed the most viable mechanism for covering the major obstacles to development and ensuring high rate of growth. The records of past decade, however, have generated mounting criticism among development, economist, as to the validity of the impact of increasing government expenditure on economic growth.

Financial resources of government constitute the bulk of its revenue and relate to monies mobilize or generated in the economy.

This outlines the possible application of research findings to society as well as its possible contribution to the theoretical area of the study.

- 1. Revenue Generation and economic development has positive impact on economic and infrastructural development in Nigeria.**
- 2. Revenue generation and infrastructural development are positively correlated.**

Conclusively, government retained revenue from the major sources of finance for Socio-economic and infrastructural development.

Revenue has grown remarkably over the years while her expenditure had equally grown, at times above revenue. The increasing growth of the government revenue is expected to impact positively on the level of infrastructural development in the country. And recommended that, increasing the level of tax structure in the economy will increase the level of government revenue in the country, and the monoculture nature of the Nigerian Economy predisposed government and expenditure to oil price vitality. There is a need to diversify the economy that has the potentials of generating revenue for the government.

Furthermore, development economics portend that when government revenue is properly invested in infrastructure, it lead to economic growth.¹

¹Nwoso Senyo Kwasi, Revenue Mobilization, and its impacts of the development of district assembly, the study of Kpando, municipal, assemblies, Kpando, Volta Region Ghana. PG Research, Kwame Nkrumah, University of Science and technology, Kumasi Ghana, 2011, 'Nwoso op. Cit. PP 6-10

Previous Studies:

E. Adejoh. Publication, of Kogi State University.

*Swot analysis on sources of revenue at state government level¹
department of business Administration kogi state university, 2010,
pp20-25*

Revenue is the total amount of income that accrues to an organization, within a specific period of time, revenue is necessary for the effective functioning of the government machinery, as no government can survive without adequate revenue, development is highly associated with the fund, therefore much revenue is needed to plan. The broad objective of the research is to analyze the resources of revenue at the state government level.

The significance of the study, measured by its relevance to solving human problems, the findings of this study would help the state government to identify the problem associated with revenue generation and its consequence on development.

1. The significant relationship between allocation to the state government and development efforts.

2. Allocation from value added tax, has significant contribution to the state government.

¹ E, Adejoh, op.cit. Swot analysis on sources of revenue at state government level. Department of business Administration, Kogi State University, Anyigba, Kogi State Nigeria. Year 2010, pp 20 - 25

Conclusively: The results of the study conclude that, if more goods and services are taxed, the revenue base of the state will increase. The value Added Tax bases be witness to bring the informal sector into the value added tax net so as to stem possible evasion even so faithfully complying under the old rate¹.

The study has examined local and state government tax mobilization and utilization in Nigeria. Local government in Nigeria receives statutory allocation from both the federal and state government. They also generated internal revenue through taxes and fees, etc. Its opined that expenditure assignment should match with revenue generating powers in order for state government to discharge that function effectively, in essence, revenue and expenditure decentralization must support state government public revenue profile, Robinson², 1997, concludes that, large government revenue in GNP, enhance economic growth mostly in poorer states in Nigeria. Studies have confirmed that, growth in infrastructure capacity is directly correlated with real positive economic growth. Ilori⁽¹⁾, (2002), indicated that, a percent increase in the stock of infrastructure is associated with positive percentage increase in GDP, Hemming^[2], (1991), observed that, growth is influenced by composition of expenditure.

¹Obechina, M.E, op.cit, Analysis of revenue generation, for socio-economic, infrastructural development in Nigeria Publication of Central Bank of Nigeria (CBN), Vol 34, No4 October to December 2010 pp. 41-44

² Robinson, A.C, 1997, Assessment of Value Added Tax, Nigeria, Economy, and Taxation.

Previous Studies:

O. A Adekunle, Remi Ajala, Assessment of value Added Tax, and its effects on Revenue generation in Nigeria. International journal of business and social science vol. No. 4 January 2013.

One of the recurrent problems of the three tiers structure of the government in Nigeria is dwindling revenue generation as characterized by yearly budget deficit and insufficient fund for economic growth and development. This economic reasoning emphasized the revenue of government, and indicate that, apart from strengthening the existing source of revenue, it is also necessary for government to diversify its revenue base, in order to meet its constitutional responsibilities¹, state that, financial capacity of any government depends among other things on its revenue base, the fiscal resources available to it and way this resources are generated and utilized. It is therefore the duty of the government to adequately mobilize potential revenue across the state to prevent economic stagnation. This mobilization involves the adoption of economically and politically acceptable taxes that would ensure administration, auditing, and investigation base on the equality, neutrality and other attributes of a good tax. The present researches ascertain, the impact of revenue generation on economic development to

¹Mytes (2000), Ibit and Leach (2003), Ibit. VAT, is consumer tax, Jones describes that VAT as a tax levied at each stage which supplies changes hands. VAT has become a variable source of revenue in many developed countries PP.54

2.(Whenkoff, 2003 Ibit. O.A Adekunle, Remi, Ajala, op.cit, 2013, Assessment of Value Added Tax and its effects on revenue generation in Nigeria. International journal, of business and social sciences, Vol. 4 No 1 January 2013. Keywords (VAT), Value Added Tax, Revenue, Nigeria Economy, and Taxation. PP.76-80.

adequately mobilize potentials revenue base across the state to prevent economic stagnation. In Nigeria, Value Added Tax, is one of the instruments the federal government introduced, to generate additional revenue. Yet most prominent Nigerians and interest groups had spoken against its introduction. For the purpose of research work, we shall examine the implication of value added tax on revenue generation in Nigeria and to provide reasonable solutions and recommendations that will be geared to reveal the benefit of VAT in Nigeria ².

The general objective of this study is to examine the impacts of value added tax on revenue generation in Nigeria. However, the specific objectives are:

1. To examine the relationship between Value Added Tax and revenue generation in Nigeria.
2. To establish the effects of value added tax on revenue generation in Nigeria.

The following research hypotheses were tested;

Ho: value added tax has no significant relationship with revenue generation in Nigeria.¹

¹Mytes (2000), Ibit and Leach (2003), Ibit. VAT, is consumer tax, Jones describes that VAT as a tax levied at each stage which supplies changes hands. VAT has become a variable source of revenue in many developed countries
2.(Whenkoff, 2003 Ibit. O.A Adekunle, Remi, Ajala, op.cit, 2013.PP 54.

Previous Studies:¹

Mathew A. PhD Dissertation, *the Impact of Tax Revenue on Nigerian Economy, Federal Board of Inland Revenue. Published dissertation 2008,pp40-49*

As the Nigerian economy is in the recession period, there are inconsistencies in our tax laws which had made it difficult for the tax body to administer and even for the tax payer to follow.

The state government in Nigeria requires a lot of revenue to be able to provide and maintain essential services for its citizens. One ready means of revenue for the government is through the imposition of tax. The imposition of tax by the government is not a new phenomenon. There is hardly any government today that does not rely on taxation. However, apart from the complications that has crept into the taxation system in modern times. The reason for the imposition of tax in fact ceased to be only for the generation of revenue for the state. It has also become the avenue for the redistribution of wealth and readjustment of the economy (Ojo, 2008).

Therefore, the present research, the impact of revenue generation on the economic development show that the tax system is one of the most powerful levies available to any government to stimulate and guide its economy and social development, and so there is similarity between the two researches. The FBIR (Federal Board of Inland Revenue), which is

vested with the power to administer the act and carry out the all act which may be necessary and expedient for the assessment and collection of tax, and for all amount collected in a manner to be prescribed by the federal Inland Revenue service.

Tax revenue mobilization as a source for the financial development activities in Nigeria has been a difficult issue primarily, because of various forms of resistance such as evasion avoidance and other form of corrupt practices. Government exists in order to effectively collect taxes from available economy resources¹.

Ho: There is hardly any government that does not rely on taxation for economic development.

Ho: Government must rely on taxation for economic development.

¹. Mathew A, PhD. The Impact of Tax Revenue in Nigeria Economy, Dept of Accounting and Finance, Lagos State University. Op.cit.pp.109-112. Journal of Policy and Development Studies, Vol. 9. No 1 November 2014. PP 208-211.

Previous Studies¹:

Asur R. And Nkereuwem Boosting Revenue Generation and Economic Development in Borno State, Through Improved Tax payer Compliance¹, journal of social science and public policy , vol.5 No2, pp35-46.

Domestic resource Mobilization has become increasingly important for developing economics especially in view of the global economy deadline and the need for sustainable development. Taxation is seen as the most important source of revenue and the most reliable means of stimulating economic growth and development. Policy makers and revenue authorities in developing economies faced quite different challenges and constraints that require careful consideration in designing appropriate and effective tax system in particular in the tax system in a developing economy must foster sustainable economic growth, ensuring that the necessary revenue collections are made to provide for political stability investment, in infrastructure, and improve standard of living.

The desire of any government to maximize its revenue from taxes imposed on taxpayer for enough financial resources to meet up with the ever increasing responsibilities, revenue shortfalls shrink the available budgetary resources encourage borrowing in the domestic market, and could encourage monetary expansion; a failure to achieve revenue

¹AsurR , and Nkereuwem, Op.cit, A,P. 2013. Boosting Revenue generation and economic development in Borno State, through improved tax payer compliance, Journal of Social science and public policy, Vol. 5 No2, pp. 35 -46.

targets normally leads to the initiation of a reform initiative (WAWERU, 2010).

Low tax compliance is a matter of serious concern in many developing states. This is because it limits the capacity of government to raise revenue for developmental purpose (Torgler, 2003). This implies that the higher the revenue the more likely government will put in place developmental plans for the enhancement of the living standard of the people. This is because when people pay taxes more revenue accrues to the government. Borno State, like any other state in Nigeria has not only depended on federal account, but also on internally integrated revenue for its developmental objectives. Hence, the relevance of tax as a tool for economic development in Borno state remains very strong; finally, the two researches share the same ideology that, revenue has a positive impact on economic development.

Ho: Taxation is the most important source of revenue and the most reliable means of stimulating economic development.

Ho: Taxation is not the source of revenue, and it's not reliable to stimulate economic development ¹

¹AsurR , and Nkereuwem, Op.cit, A,P. 2013. Boosting Revenue generation and economic development in Borno State, through improved tax payer compliance, Journal of Social science and public policy, Vol. 5 No2, pp. 35 -46

Previous Studies:

**The Impact of tax Reform on Revenue Generation in Nigeria¹.
Dickson, E. And Rolle, R. Department of Economics and Statistics,
Faculty of Social Sciences, University of Benin, Benin City,
Nigeria. Journal of policy and development study vol.9. No1,
November 2014, pp92-99.**

The main objective of the research is to ascertain the impact of tax reforms on tax revenue generation in Nigeria. A major challenge facing Nigeria's economy is the diversification of its revenue base.

Nigeria has been largely dependent on primary product for the generation of a high proportion of her recurrent revenue. Nigeria revenue base has oscillated between primary products before the discovery of oil. The bulk of the public revenue came from exportation of agricultural products. Essentially, import duties as an integral aspect of indirect tax was a relevant source of revenue contributing on the average between 40-50% of the public generated revenue (Central Bank of Nigeria, 2010). The exportation of oil from the first quarter of the 70s shifted the revenue base in favor of oil (Odusola, 2006, Iyoha 2003). Since then Oil has constituted the bulk of public generated revenue, export earnings and foreign exchange reserve (Obadan 2012).

¹Dickson E.O and Rolle R. Ahuru, Op.cit, 2014.Dept of Economics and Statistics, Faculty of Social Sciences, University of Benin, Benin city. Journal of Policy and development studies, Vol. 9 No 1 November 2014, pp. 92-97.

Modern government needs a lot of money. How they get it, and from whom they get it, are the two of the most political issues faced in any modern political economy, and the fast globalization of economic activities requires the retrenchment of the state fiscally, but the new paradigm demands that the state should create the enabling environment through capacity building, facilitation and the revenue generation, which will impact positively on the economic development. It is therefore, the duty of each state in Nigeria to adequately mobilize potential revenue across the state, to prevent economic stagnation. This mobilization involves the adoption of economically and politically acceptable taxes that would ensure easy administration, accounting, verification, auditing, and investigation based on the equality, neutrality and other attributes of good tax, which will boost the infrastructural activities of the state.¹

Research Question

- a. Is there any relationship between value added tax and revenue generation in Nigeria?
- b. Does value added tax has effect on revenue generation in Nigeria?

Research Hypotheses

HO: Value added tax has no significant relationship with revenue generation in Nigeria.¹

¹Dickson E.O and Rolle R. Ahuru, Op.cit, 2014.Dept. of Economics and Statistics, Faculty of Social Sciences, University of Benin, Benin city. Journal of Policy and development studies, Vol. 9 No 1 November 2014, pp. 92-97.

CHAPTER TWO

REVIEW OF LITERATURE ON REVENUE

2.0 Introduction:

This chapter explores the conceptual meaning of revenue as well the theoretical framework on revenue generation and expenditure. It reviews other related literature on strategies for effective revenue generation and utilization towards economic development.

2.1 The Concept of Revenue:

Oxford Dictionary, 9th edition defines revenue as the money that a government receives from taxes or an organization receives from its business. In business management, revenue is also known as Turnover¹. It is the income that a company receives from its normal business activities, usually from the sales of goods and services to customers. In other words to many countries, revenue refers to as turnover, for example some companies and commercial, organizations receive revenue from interest, royalties and other fees.¹

Also, revenue may refer to business income in general, or it may refer to the amount of money received during a period of time,

profit or net income, generally implies total revenue minus total expenses in a given period of time².

Profit (net) income = Total revenue - Total expenses.

¹ A Global journal of management and business research (A) VOLUM X111 , issue 1V volume1 , 2013.PP. 41.

² A Global journal of management and business research (A) VOLUM X111 , issue 1V volume1 , 2013,

2 Evaluating investment on basic infrastructure in Nigeria .annual conference of the zonal unit .

In financial accounting, revenue is often referred to as the "TOP LINE" due to its position on the income statement at the very top. This is to be constructed with bottom line which denotes net income. Central Bank of Nigeria (CBN) Bullion (Volume 34, No 4: 2011) Agya¹, defines revenue as the yield of sources of income as taxes, rate and fine that a political minute (as nation or state) collect and received into the treasuring public used. They also pointed out that, for no profit organization, annual revenue may be referred as gross receipts. These include donation, from individual and corporations, support from government agencies, incomes from activities related to the organization mission, income from fund raising activities, membership dues financial investments, such as stock shares in companies.

Samuel. E ² stipulates that: in general usage, revenue is income received by an organization in the form of cash, or cash equivalents. Sales revenue or income received from selling of goods and services over a period of time. Tax revenue is income that government receives from tax payers, that in more formal usage, revenue is a calculation or estimation of period income, based on a particular standard accounting practice or the rule established by a government or government agencies.

¹Agya A (2015), Public expenditure programming and management under current economic dispensation Vol. 2 pp. 30 .

²Samuel E (2014), Planning and Budgeting in Nigeria Institutional and policy reforms, Ibadan, Nigeria, NCEMA.PP. 23- 24

According to Central Bank of Nigeria,[CBN] (2010), government revenue includes all amounts of money, taxes or fees received from a source outside the government entity.

Government revenue also: include Reserve Bank Currency, which is printed. This is recorded as an advanced to the retail bank together with a corresponding currency circulation expense entry, that is, the income derived from the official cash rate payable by the retail banks for instrument such as 90 day bills¹.

Revenue can be defined as public receipts which the government collects from each source except loans and borrowing, it is different public receipts that the latter refers to government revenue and borrowing. This implies that in addition to government revenues, public receipts comprise of non-revenue aspects, which increase government debt obligations. Thus, public receipts consist of public borrowings, taxes, grants and gifts, administrative and business revenue. Tax and non-tax revenues, are the major sources of government revenue in Gombe state. The primary function of taxation is to provide funds for public services, because of the particular nature of the economy; the sources take the form of oil, and non-oil revenue².

2.2 Strategies of revenue generation:

¹Agba A (2015), Public expenditure programming and management under current economic dispensation Vol. 2 page 30 .

²Millennium Project (2005) Investing in development; a practical plan to achieve millennium development goals, reports to the UN secretary general London Vol. IV

Edogbanya A, Jafaru G (2014)¹, describes the strategy of revenue generation as the bed rock of any state; or local government plan through which aims and objectives of an organization are achieved. He also defines strategy of revenue generation as the fundamental pattern of present and planned resource department and environmental interactions that indicate how the government organization will achieve its aims and objectives. However, for effective revenue generation, the following strategies imply.

1. Introduction of additional sources of revenue.
2. Providing an incentive for extra efforts of the revenue generation staff.
3. Periodic raiding by officers of the revenue generation.
4. Efficient and effective collection of existing taxes.
5. Public enlightenment and campaigns that will educate the tax payer on the importance of prompt payment.

2.3 Revenue utilization And Administration

While tax policy and tax laws create the potentials for raising tax revenues, the actual amount of taxes flowing into the government treasury, to a large extent, depends on the efficiency and effectiveness of the revenue administration agencies. Weaknesses in revenue administration lead to inadequate tax collections. Financing of the resulting budget deficit through borrowing can cause unsustainable

¹ Personal income tax in Nigeria, Procedures and problems: 1st (ed) Adebajji Publishers LTD, Lagos, Nigeria.

increase in the state public debt. In the alternative, a revenue shortfall shrinks the budgetary resource envelope, thus affecting the government's ability to implement its policies and programs and to provide public services.¹

¹Edogbanya A, Jafaru G (2014), Personal income tax in Nigeria, Procedures and problems: 1st (ed) Adebajji Publishers LTD, Lagos, Nigeria.

2.4 THE PROBLEMS OF REVENUE GENERATION AND UTILIZATION FOR ECONOMIC DEVELOPMENT IN GOMBE STATE

The Central Bank of Nigeria (CBN) Bullion (volume 34, No 4, 2010)¹, stated out some problems and challenges of revenue generation and utilization for socio-economic development.

2.4.0 The level of Tax Structure:

As the economy expands, the tax structure grows and this reduces the level of indirect tax revenue generated, while the direct tax element increases. The level of indirect tax grows in an economy with the presence of informal sector. The theory of tax structure development suggests that at the early stages of economic development, the economic structure imposes severe limitation on the structure of the tax system and this affects the level of revenue generation from taxes.

2.4.1 Mono-cultured Economy:

The nature of the economic structure is very important in assessing the level of revenue generation capacity of any government in Nigeria, over reliance on oil revenue as government major sources of revenue at the detriment of developing other sectors of the economy, is not in her national interest. Notwithstanding, the position of oil sector in the Nigeria's revenue generation, over the past three decades, the agricultural sector could be another major source of revenue generation

¹ CBN – (Vol. 34 , No 4, 2010) Various Years Annual reports and statement of Account vol. 9.PP 68-72.

for the government if genuine effort is made at developing the sector, it has remained the largest and arguably, and the most important sector in the economic. Agriculture's contribution to the gross domestic product (GDP) has remained stable at between 30.0 and 42.0 % and employ's 65 % of the labor force in Nigeria. (Aigbokhan, 2001)¹. It is estimated to be the largest contributor to non-oil foreign exchange earnings. This means that, it holds abundant potentials for enhancing and sustaining country's foreign exchange – revenue .

2.4.2 Low level of Infrastructural development:

Provision of adequate infrastructure has been adjudge to be complementary to private sector investment, and hence, economic growth. Longer - term infrastructural development; have shown to be more productive in developing countries than short-term public investment. Infrastructural gap in the country imposes significant extra costs on business and reduces competitiveness².

2.4.3 Poor maintenance culture:

Long Investment in infrastructures is important, but equally necessary is making adequate provision for their maintenance and replacement of obsolete ones. One of the challenges of infrastructural facilities in Nigeria is lack of maintenance culture. Maintaining and

¹ Aigbokhan, B,E (2001), evaluating investment on basic infrastructure in Nigeria ; published in the CBN, Proceeding of eight Annual conference of the zonal research units. PP. 50.

² A Global journal of management and business research (A) VOLUM X111 , issue 1V volume1 , 2013, PP 104-106.

extending the life span of infrastructure requires the commitments of enormous resources and the patriotic zeal to ensure that, resources meant facilities, maintenance are not diverted, to infrastructure management, poor maintenance culture and obsolete equipment has often shorted of infrastructural development¹.

2.5 SOURCES OF STATE GOVERNMENT REVENUE:

The sources of revenue of Gombe state can be divided into two parts as follows:

- a) The recurrent revenue
- b) The capital receipts

2.5.0 The Recurrent Revenue:

- 1.Taxes: the taxes that state government collect include personal income tax, entertainment tax, stamp duties, capital transfer tax, capital gains tax, football polls, etc.
- 2.Licenses Fees and Fines; These embrace motor vehicles and driver's licenses, land registration, survey fees and fine imposed on offenders.
- 3.Earnings from economic activities: State governments engage in some activities with a view of making profits. this include among others, establishment of banks and investment ventures, Gombestate

¹Evaluating investment on basic infrastructure in Nigeria . annual conference of the zonal unit .PP. 42-43.

investment and property limited which involve sales and shares, goods and services, house estates. Others are lotteries rent on government properties and dividends.

4. Allocations from the federal account; State government is entitled to monthly allocation from the federation account, which share horizontally among themselves.¹

5. Value Added Tax (VAT) Allocation: It should be noted that, VAT replaced sales tax of the state government. Therefore, at the inception of the VAT in 2000, the state government was given 85% of the proceeds from VAT; even though, the percentage has now been reduced to 60%, but the state government will still receive the largest shares of the VAT (Value Added Tax).

2.5.1 The Capital Receipts:

1. Grants: These usually come from the federal government. The purpose is to enable a new state to take off, or to carry specific projects to finance federal government programs in the state.

2. Loans: these can be internal or external loans. The internal loans represent borrowings by state government from sources within the country. The sources include individuals, organizations, such as commercial banks, the federal government or other states. On the other hand, the external loans are often taken from the World

¹Evaluating investment on basic infrastructure in Nigeria. Annual conference of the zonal unit .PP.79-81.

Bank, International Monetary Fund (IMF), as well foreign countries or organizations. However, approval must be received from the federal government before the loan can be obtained.

3. Financial Aid: These are funds from foreign countries or charitable international organizations, for control of epidemic diseases. The aid could also seek to assist states that suffer from disasters. A good example is the case of IDP's, in the state, towards the end of 2014 in which about 16,000 persons were displaced by BokoHaram from their locality, The federal government, non-governmental organizations, and charitable organizations, gave millions of Naira to the state government, to assist the victims. The Aid can also be in kind in the form of relief materials or technical services.

2.6 AN OVERVIEW OF REVENUE UTILIZATION OF GOMBE STATE:

In government, at the state level, the utilization of revenue is done at the ministry of finance through the office of the accountant general of the state. Dandago, Alabade (2000)¹, referred to the office of the accountant general as the subject of the public sector and a segment of the ministry of finance. The accountant general's office is enacted with the task of custody and proper utilization of public funds at the state

¹ Taxation and tax administration in Nigeria, Triumph Publishing Company Ltd. PP. 89.

level. To optimize the utilization of resources, Law, Regulations, policies and procedures are enacted to safeguard funds and control expenditures.

Researchers, variously in the past, have drawn the attention of the public to the issue of revenue, Those included:[Mathis and Jackson](2009)¹, who maintained that, the survival of any organization depends on its effectiveness and efficient utilization of its resources.

The public expect provision of infrastructural facilities such as good road, education, health care services, security etc. Hence, a proper utilization of public revenue is required in order to keep up to the yearnings and aspirations of the people.

2.7 STRATEGIES TO CURTAIL REVENUE GENERATION PROBLEMS (PROSPECTS):

According to Oyewu, B (2014)² there have been several debates, seminars and workshops, put together, to improve revenue generation; Scholars have suggested some useful strategies which include the following:

- a. Retraining already employed personnel.
- b. Selection of competent revenue collectors.

¹ Public Sector Economy, Oxford; Martin Robinson. Vol. X pp. 40

²Revenue generation, on the development of Local Government, published/ PhD. Dissertation. Abia State University, pp, 8-10, 2010

- c. Proper development.
- d. Upward review of the share of the federation account to the state government and local government.
- e. Establishment of revenue monitoring committee and task force. Procurement of modern communication facilities, vehicles, motor cycles, etc.
- f. Enactment of clearly defined bylaws.
- g. Establishment of proper internal control and check / measures to curtail frauds.

2.8 ESTABLISHMENT AND ORGANIZATION ETHICS OF GOMBE STATE BOARD OF INTERNAL REVENUE:

Section 85A, of the income tax, management acct. (ITMA, 2000)¹ as amended by tax decree, 1993, provide for establishment of the state board of internal revenue whose operational aims is to established the viable state internal revenue office. The state board of internal revenue is the authority of each state of the federation and its responsibility for the administration of personal income tax laws.

¹ Global Journal of management and Business Research Vol. XIII issue VI version 1 year 2013.PP. 90

2.9 A BRIEF HISTORICAL BACKGROUND OF GOMBE STATEINTERNAL REVENUE:

The Gombe state board of internal revenue Edict 1996, under the military regime of governor Joseph Orji¹, the board was established under section 9(1) and (2), of the 1998 edit and was officially enacted in March 1998, stating that, the board should be a corporate body with perpetual succession and a common seal, and may sue and be sued in its corporate name.

2.10 DUTIES OF THE STATE BOARD OF INTERNAL REVENUE:

Section 86B (1), of the personal income tax decree (PITD; 1993), state that, the state board shall be responsible for the following:

- a.**Ensuring the effectiveness and optimum collection of the all taxes.
- b.**Making recommendations, where appropriate, to joint tax board (JTB), on tax policy, Tax reform, tax treaties and exemptions, as may be required from time to time.
- c.**Generally controlling the management in the service on matters arisen in the policy making, subject to the provision of the law setting of the services.

¹ Joseph Orji, First Military Governor of Gombe State, 1996 – 1997 PP.111-115.

2.11 REVENUE RETURNS BY GOMBE STATE BOARD OF INTERNAL REVENUE:

Section 41(1), of the personal income tax decree (PITD)¹, provide that for each year of the assessment, a taxable person shall without any notice or demand, therefore, file a return of income in the prescribed form, and containing prescribed information with the tax authority of the state, in which the taxable person is deemed to be resident together with a true and correct statement in written. Aderiti S, (2011)², stated that, the incometax return has be filed within 90 days, from commencement of every year of assessment and does not require a demand notice, from the tax authority before being filed by the taxable person, and the return shall contain a true and correct of the income computed.

The board used two types of forms, namely:

- A.**Form A, is used for public servants to make assessment base on their earning.
- B.**FORM B, is used for self-employed and educate people to declare their assets for assessment.

¹ PITD = Person Income Tax Decree 1992, pp. 20.

² Aderiti S, (2011), Principles and Practices of Taxation in Nigeria, Cobat Publishing Ibadan, pp 65-66.

2.11 REVENUE ASSESSMENT BY THE STATE BOARD OF INTERNAL REVENUE:

Agua A. (2013)¹, stated that the relevant tax authority, shall proceed to assess every taxable person chargeable with income tax, as soon as the time allowed for the delivery of return has expired or otherwise, as it appears to the relevant tax authority practicable so to do. Nevertheless, the relevant tax authority can make an assessment on a taxable person of the relevant tax to consider the assessment to income tax net (PITD, 1993).

The Gombe state board of internal revenue deals with the following revenue items:

- a. Personal Income Tax:** according to the Nigerian tax authority 2007, the total income of an individual for any year of assessment shall together with any additional there to be made, less any reduction to be made, that is, less incurred by him during the year of assessment in the trade, business profession or vocation provided on such reduction to be made unless its claim is written within 12 months, after the year of assessment. In the assessment of personal income tax, return forms were given to the taxable person where a taxable person

¹Agua A (2013), Public Expenditure Programming and Management under current Economic Dispensation, Vol. II pp 31

will assess himself or being assessed by a tax authority, to deliver to the relevant tax Authority.

- b. Capital GainsTax:** the Nigerian tax authority, act No. 44 of 1967, provide for taxation of capital gain acquiring on disposable of asset, that the rate of capital gain tax, shall be 10%. Tax authority can assess the asset of an individual, or corporate organization before being disposed, but according to Gombe state board of internal revenue annual report (2007)¹, this type of revenue is very difficult to assess and collect because, there no laws binding people, corporate bodies to report their disposable transactions to the board making or disposing it, and hence collection of tax is poor on this aspect.

2.12 REVENUE ADMINISTRATION BY THE STATE BOARD OF INTERNAL REVENUE:

The administration authority of personal income tax decree (PITD, 1993), stresses that, each state board of internal revenue, shall be assisted by its operational arms, that is, state internal revenue service (SIRS), in carrying out the primary duties, which include assessment and collection of taxes from individual, resident, or working place in the state. However, the personal income tax administration, tend to assertion

¹Gombe State Board of Internal Revenue Annual Report (2007)
PITD (1993) Personal Income Tax Decree
SIRS – State Internal Revenue Service. Pp20.

the income of tax payer subject to tax chargeable, collection, notice, returns, and the condition under which objective appeal and recovery of such tax is made.

2.13 APPRAISAL OF COLLECTION AND REMITTANCES:

The Gombe state board of internal revenue is saddled with the responsibilities of collection and remittance of revenue in the state through their annual reports for the year under review.

2.14 REVENUE GENERATION AND UTILIZATION BY THE STATE GOVERNMENT:

The survival of every organization depends on effective, efficient and utilization of its resources and funds generated. Hence, the importance of revenue to the maintenance of economic development, its leading contribution to the successful implementation of infrastructural projects is beyond dispute. Therefore, Nigerian constitution clearly delineates functions on government, in terms of revenue sources, responsibilities, and share of the earned or generated revenue. However, because of the clear significance of revenue to the economy, and to the Nigerian society at large, any hindrance to the successful revenue collection, and proper utilization, will constitute a loss to the government and supposedly require urgent attention where no attention is made, if

not it will affect the development and infrastructural activities of the society.

2.15 IMPACT OF INTERNALLY GENERATED REVENUE IN GOMBE STATE GOVERNMENT:

There are a lot of benefits that people enjoy from the internally generated revenue of the Gombe state government:

- 1.Provision of clean water for the people in the local government areas.
- 2.Construction of good road for easy movement for transportation.
- 3.Provision of well-equipped health center in the community to reduce the death rate of the people.
- 4.Provision of free education in the community to reduce the level of illiteracy in the society.
- 5.Stability of electricity inthe community.

2.16 WAYS OF IMPROVING REVENUE GENERATION:

The problems facing the generation of revenue in the state government are those that can be corrected to improve to their generation.

According to Herbert (1991)¹, a dependable tax base for the local authorities is essential, shortage of framed valuation staff will make taxes on real property difficult to assess, for some time to come. The system of graduated tax has been in unjustifiable dispute in recent years, Olaoye (2008)² also suggested the possibility of a Native Authorities, Loan Authority, (NALA) as an agency to provide capital loan for the state government.

In spite of the above sources of revenues, state government is faced with difficulties to source adequate revenue from federal government, and the internally generated revenue, such problem is cogwheel to the smooth running of state government administration.

The machinery put in place for collection of revenue is inadequate, hence, most of the government money is not collected, and this is in case of internally generated funds.

Meanwhile, as government is the means by which the common problems and needs of a community, constituting a country are economically catered for, so as local community revolves jointly those common problems and needs, which could have been difficult to solve individually.

The very objectives of having state representation are in order that, those who have an interest in body of their countrymen may manage that

¹ Public expenditure, Stabilization and Structural Adjustment in Public Expenditure Handbook; A Guide to Public Policy in Developing Countries; (eds) . PP132-134.

² Local Government Administration and Rural development in Nigeria, Kulu Press.PP 100.

joint interest by themselves. This is why every state finds it's desirable to create local government council to provide and deliver local public goods and services hasten development (Olaoye, 2006)¹. And bring government closer to the people. Oladeji (1995), stated the major sources of revenue to state government, are:

- a) Internally generated revenue.**
- b) VAT -value added tax.**
- c) Loans and advances.**
- d) Special Capital grants.**
- e) Proceeds from investment.**
- f) Financial.**
- g) Aid and assistance from individuals and Organizations .**

¹ Local Government Administration and Rural development in Nigeria, Kluwer Press, Lagos.PP143.

2.17 Public Revenue:

Revenue generation in Gombe State is principally derived from tax. Tax is a compulsory levy imposed by government on individuals and companies for the various legitimate function of Gombestate. (Olaoye, 2009) .Tax is a necessary ingredient for civilization. The history of man has shown that man has to pay tax in one form or the other that is either in cash or in kind, initially to his chieftain and later on a form of organized government (Ojo, 2003)¹. No system or rules can be effective whether foreign or nature unless it enjoys some measures financial independence.

Gombe State government in Nigeria have developed over a number of years, Historically the development of direct taxation in Gombe can be traced , the British pre-colonial period under this period ; community taxes were levied on communities (Rabiu 2004) recently the revenue that accrues to local government is derived from two broad sources ,viz, the external sources and the internal sources .

An effective state government system rest majority on the availability of human and material resources which the nation could mobilized and harness for local government development,

¹ The Department of Business Administration, Faculty of Management Science, Kogi State University, Anyigba. PP 67-70..

in 1976, the federal military government then issued guidelines on the state government reform, the reforms which gave recognition to local government as the third tiers of government, whereby government activities at the local, and state level were taken care of. In 1988, another reform of local government was established. This gave substantial and unprecedented reform of autonomy to the local and state government in the country.¹

Mostly, as state government in Nigeria do not longer perform their responsibilities, simply, because of poor finances arises from adequate revenue generation derived. The bad financial situation is further aggravated by the prevailing inflationary situation in this country which erodes the value of fund available to render essential social services to the people, Development is highly associated with fund, and much revenue is needed to plan, execute and maintain infrastructure and facilities at the state level. The needed revenue generated for such developmental projects like construction of accessible roads, building of public schools , health care centers, construction of bridges among others are sources generated from taxes , royalties ,haulages, fines and grants from federal government.

¹ Global Journal of management and business research (A) Vol. XIII issue IV, version 1, 13 years: 2013.PP232-234.

2.18 REVENUE:

Public revenue could be defined as the funds generated by government to finance its activities, in other words revenue is the total funds generated by government (Federal, state, local government) to meet their expenditure for a fiscal year. This refers also to the grand total of money of income received from the sources of which expenses are incurred. Revenue could be internally or externally revenue, (HadayC. 2008)².

Another key issue in the practice of public revenue mobilization in Nigeria is how to distribute the bloc share from the federation account among the constituent units of each tiers i.e., among 36 state and the 774 local governments. This is called horizontal revenue sharing. In Nigeria there are four categories in the vertical allocation list-federation, state, local, governments, and the special fund. The allocation to the federal capital territory (FCT) is accounted for under the special fund which is administrated by the federal government.

Source: Global Journal of management and business research (A) Vol. XIII issue IV, version 1, 13 years: 2013
² Problems and Prospects of Tax Collection, Published January 16, 2008, www.firs.gov.ng.

Table 2.1

**Trends in Government Revenue and Expenditure for economic
development 2000 - 2010**

Year	Retained revenue (NM)	Recurrent expenditure	Capital expenditure	Total expenditure	Fiscal deficit (NM)	Total Exp. %	Capital /Total Expen diture
2000	1,660,700.00	1,232,700.00	519,500.00	1,822,100.00	161,400.00	67.16	28.51
2001	1,835,600.00	1,290,000.00	552,358.80	1,938,002.50	101,397.50	66.57	28.50
2002	2,333,659.00	1,589,270.00	759,323.00	2,450,896.00	117,337.10	64.84	30.58
2003	3,193,440.00	2,117,362.00	1,123,458.00	3,240,820.00	47,380.00	65.33	34.67
2004	4,332,000.00	3,117,234.00	2,243,243.00	4,442,821.00	78,320.00	68.22	34.00
2005	4,888,421.00	3,822,421.00	3,421,200.00	5,421,421.00	30,480.00	64.33	64.33

Source: Central Bank of Nigeria (CBN) Statistical Bulletin 50 years special anniversary edition.2010. PP.44

The internally generated revenue, are further grouped into the following headings;

MARKET SOURCES:

- 1 Market stalls fees
- 2 Shop Charges
- 3 Hawking fees
- 4 Motor pack charges

SOCIALSOURCES:

- 1 Registration of social organizations.
- 2 Street naming registration fees.
- 3 Entertainment permits fees such as, night and day parties.

HEALTH SOURCES:

- 1 Birth and Death certificates fees.
- 2 Dispensary and maternity fees.
- 3 Burial fees.
- 4 Slaughter fees.

ECONOMIC SOURCES:

- 1 .Trader's fees,
- 2 .General contractor registration fees.
- 3 .Trade license fees.
- 4 .Hotel registration fees.
- 5 .Business center registration fees.

- 6 . Bakery house fees.**
- 7 . Poll tax.**
- 8 . Cattle tax.**
- 9 . Advertisement permits fees.**
- 10. Restaurant registration fees.**
- 11. Association registration fees**
- 12. Survey fees**
- 13. Barbering**
- 14. Saloon license fees.**

Table 2.2

Vertical allocations of Nigerian Government Revenue among the three tiers of government

Period	Percentage (%) Federation Account			
	Federal Government	State Government	Local Government	Special funds
2000	155	85	50	
2001	250	95	55	10
2002	248.5	65	60	12
2003	248.5	54	60	13
2004– 2012	256	53	60	
2013 – 2017	252.68	41.1	70.6	
Current Bill under consideration of National Assembly				

Source: Revenue mobilization , Ministry of finance and economic development, and fiscal commission. PP. 46.

Table2. 3
Structure of government revenue 2007 – 2017

Year	Total federally collected revenue (N. Million)	Federation account (N. Million)	Federal Government retained revenue (N. Million)	Revenue Source (Oil)	Revenue source (non-oil)	Percentage distribution oil	Non- oil
2007	5,347,500.00	2,657,200.00	1,263,600.00	3,354,800.00	565,700.00	85.57	14.43
2008	5,965,101.90	3,033,900.00	1,600,700.00	4,762,400.00	776,100.00	85.85	14.15
2009	5,715,600.00	3,219,099.00	1,836,800.00	5,287,564.00	677,553.00	88.64	11.36
2010	7,806,540.00	3,878,500.00	2,393,400.00	4,462,910.00	1,200,800.00	83.02	16.98
2011	7,643,000.00	3,897,500.00	2,432,112.00	5,442,500.00	1,200,900.00	83.02	16.98
2012	8,474,231.00	4,129,220.00	2,482,110.00	5,882,000.00	2,212,900.00	84.03	15.97

Source: Central Bank of Nigeria Statistical Bulletin (50) years special anniversary edition, 2010.PP. 48.

Statutory allocation from the federal account in accordance with section 160, of the constitution of the federal republic of Nigeria (promulgation) Decree 1989, Statutory Allocation from each state government to the local government in its area of jurisdiction, federal grants-in aids, State grants-aids, borrowing from state government and other financial institutions, local rates on market and shops. The internally generated source of finance includes; local rates, market taxes, and levies excluding any market where state finance is involved, bicycle, truck, canoe, wheelbarrow and cart fees, other than a mechanical propelled truck, permits and fines charged by customary code, local government, business investment, tenement rate, fees from schools established by the local government, shops and kiosks rate, on and off liquor license fees, slaughter slab fees, marriage, birth and death registration fees.

Naming of street registration fee, excluding any street in the state capital, right of occupancy fees on land, Signboard and advertisement permit fees, Radio and TV license fees (other than Radio and TV).¹

¹Central Bank of Nigeria (CBN) Statistical Bulletin 50 years special anniversary edition.PP.47.

Table 2.4

Horizontal Revenue allocation

Principle		Weight (%)
1	Equity of State	40.00
2	Population	30.00
3	Population density	3.00
4	Land mass and terrain	7.00
5	Social Development Factors	10.00
6	Internal Revenue Efforts	2.50
7	Equity of state in revenue generation	7.50
Total		100.00

Source: Revenue mobilization and fiscal commission Ministry of Finance Gombe State.PP.55.

CHAPTER THREE

3.0 THE THEORITICAL FRAME WORK ON ECONOMIC DEVELOPMENT

Economic development is the process by which a nation improves the economic, political and social wellbeing of its people. The term has been used frequently by economists, politicians and others. Economic development has a direct relationship with the environment, and environmental issues. Economic development is a policy intervention with aims of improving the economy and social wellbeing of people.

3.1 ECONOMIC DEVELOPMENT GOALS;

The development of a country or a state, has been associated with different concepts, but it generally encompasses economic growth through higher productivity⁽¹⁾ political systems that represent as accurately as possible the preferences of citizens, the extension of rights to social groups and the opportunities to get them, and proper functionality of institutions and organizations that are able to attend more technical and logistic complex task, that is, raise taxes and deliver public services. These processes describe state capabilities to manage its economy, society, and public administration.

¹Ilori B.2010 the role of government in the development of basic infrastructure; paper presented at the 11th annual conference of the zonal research unit ; research department CBN (CENTRAL BANK OF NIGERIA).

However, economic development is typically associated with improvements in a variety of areas, or indicators, such as literacy rates, life expectancy, and poverty. For example, health, and education improvement have been closely related to economic growth, in any case, it is important to expect that particular economic development programs can solve many problems at once as that would be establishing goals. However, development policy should set goals and a gradual approach. Many times, the economic development goals of specific state cannot be reached because, the state lacks capabilities to achieve these goals⁽¹⁾.

Government provides the foregoing through the instrument of budget stating estimated revenue generated and economic development. This brings to light government fiscal operation encompassing government revenue expenditure and borrowing. In Africa, huge amount of revenues have been received by various organizations and its usage in improving the level of socio- economic and infrastructural development of the continent, but is still an issue of debate among academia, policy makers, politicians etc.²

¹ G, Hemming R, 1991, public Expenditure, In public expenditure hand book, ppl. 2008, pp.28 to 31
².Ibit.

3.2 Measures of Economic Development:

1. GNP per capita.
2. Population Growth.
3. Occupation Structure of the Labor Force.
4. Urbanization.
5. Consumption per capita.
6. Infrastructure.
7. Social Condition. Literacy rate. Life expectancy. Health care. Caloric intake. Infant mortality etc.

Economic development is usually measured by increase in the domestic gross product [GDP], or other measure of aggregate income. An example of economic development, is when a country produces more products and increase its overall wealth⁽¹⁾.

3.3 Development, Process, Definition and Methodology:

Visioning as a social development concept and process embodied the underlying general idea of identifying state (i.e. in terms of development ranking, or position level and the degree of material well-being) that a nation, state, society or an economy wishes to attain within the framework of a specific time scale².

¹ David humes ; writing of economic ed. Rotwein (edinburgh 1999, page 70, all futher references to humes economic essays are this edition.

2. Ibit , Edinburgh, 1999, pp71.

A vision can be defined as a goal that is massively inspiring long term. It is also noteworthy that vision is all embracing and pungent it might be, depending on the complete interplay of whole scenario variables including the very nature of such vision and adopted approaches of their plan execution¹. Moreover, visioning is about the charting of a specific direction for example, the country, has striven toward embracing and pursuit of common development object, but the process of aggregating these objectives must be inherently consultation or inclusive, that is, a nation, must be involved in the process of formulating the objectives of the economic development.

Consequently, for purposes of the development planning and plan implementation as well as the extended task of visioning for strategic development action, the following conclusions can be drawn:

- a)** That, development is multi- dimensional and, therefore, encompasses economic, political, social-cultural, as well as psychological and physical components.
- b)** As a result of this heterogeneous characterization of development, meaningful or effective development must

¹ Ben f and jumo k: 2005, the Development economics , post Washington consensus neo liberal thinking , zed book.PP.76.

- achieve a balance of various different components (for example as in tackling poverty and unemployment].
- c) That, in particular, humanistic consideration must be harmonized with development programming (or planning and implementation) in a way that such development approach is basically people-centered and the people are expressly involved through participatory processes.
 - d) That ultimately development (i.e. sustainable human development) is best achieved by a synergy of multilateral efforts of the stake holders. Example, the communities, government, non-governmental organizations, and traditional institution¹.

3.4 STAGES OF GROWTH MODEL:

An early theory of development economics was the Linea-stages of growth model which was first formulated in the 1950s. This theory modified Marx's stage theory of development, and focuses on the accelerated accumulation of capital through the utilization of both domestic and international saving, as a means of spurring

¹David humes ; writing of economic ed. Rotwein (edinburgh 1999, page 70, all further references to humes economic essays are this edition

investment, on the primary means of promoting economic growth, and thus development,¹

The Linea-stage of growth model posits that there are series of three consecutive stages of development, which all countries must go through during the process of development. These stages are; the traditional society, the drive to maturity, and the age of high mass consumption².

3.5 STRUCTURAL CHANGE THEORY:

Structural change theory deals with policies focused on changing the economic structures of developing countries from being composed primarily of subsistence agricultural practice, to being a more modern, more urbanized, and more industrially diverse manufacturing and service economy. There are two major forms of structural-change-theory; W. Lewis, two sector surplus model, which view agrarian societies, consisting of large amounts of surplus labor which can be utilize in the industrial sector.

3.6 INTERNATIONAL DEPENDENCE THEORY:

International dependence theories gained prominence in the 1970s, as a reaction to the failure of earlier theories to lead to

¹Ww.Rostow the economic growth of nation, Total output and production structure, Cambridge Belknap, Press of Harvard University Press

widespread success of international development. International development theories have their origins in developing countries, and view obstacles to development as being primarily external in nature. These theories view developing countries, as being economically and politically dependent on more powerful developed countries.

3.7 FACTORS THAT AFFECTS ECONOMIC DEVELOPMENT:

Economic development, is the continued, active efforts of the public and private sectors of a country that promote the standard of living, and economic health of a country, But there are many factors that affect economic development; the most important are; population, conflicts and environment¹.

3.8 ECONOMIC DEVELOPMENT POLICIES:

In its broadest sense, policies, of economic development encompass three major areas.

1. Government - undertaking to meet broad economic objectives such as price stability, high employment, and sustainable growth. Such efforts include, monetary, and fiscal policies, regulation of financial institutions, trade and tax policies.
2. Program –That provide infrastructure and services, such as roads, motor parks, affordable housing, crime prevention, and education.

¹Domar Ed (1947) Expansion and employment: The American Economic Review PP 34 - 55

3. Job creation and retention through specific efforts in business finance, marketing, neighborhood development, workforce development, small business development, business retention and expansion, technology transfer, and real estate development. These are the primary focus of the economic development processes¹.

One growing understanding in economic development is the promotion of regional clusters and a thriving metropolitan economy. In today's/global landscape, location is vitally important and becomes a key factor in competitive advantage. International trade and exchange rates are key issues of economic development. Currencies are often either under-valued, or over-valued, resulting in trade surpluses or deficit, furthermore, the growth of globalization has linked economic development with trends on the international trade, and participation in global value chains [GVCs], and international finance market.

3.9 ORGANIZATION OF ECONOMIC DEVELOPMENT:

Economic development has evolved into a professional industry of highly specialized practitioners. The practitioners have two key roles; one is to provide leadership in policy making, and the other is to administer policy, program and projects. Economic development

¹Ben f and jumo k: 2005, the Development economics , post Washington consensus, neo liberal thinking , zed book

practitioners generally work in public offices on the state, regional or municipal level, or in public- private partnership organizations that may be partially funded by local, regional, state, or federal tax money¹.

There are various types of macro economics, and socio cultural indicators, used by economists to assess the relative economic advancement of a given region or nation.²

GDP – Is the sum of gross value added by all resident producers in the economy, plus any product taxes and minus any subsidizes not included in the value of the products. It is calculated without making deduction for depreciation of fabricated assets or for depletion and degradation of natural resources.

MODERN TRANSPORTATION ON ECONOMIC DEVELOPMENT:

European development economists, have argued that the existence of modern transportation network; such as high-speed rail constitutes an indication of a country's economic advancement. This perspective is illustrated notably through the Basic Rail Transportation Infrastructural Index,¹ [BRTI]. And related model, such as, [modified] Rail Transportation Infrastructure Index, [RTI]².

¹Moris C.T. 1988 Comparative patent of economic development 1980-1990, John Hopkin University Press

2. Ibid.

²Meir(2000), infrastructural development and economic growth in Nigeria paper presented at eleven annual conference of the zonal unit research department central bank of Nigeria.

3.10 COMMUNITY COMPETITION FOR ECONOMIC DEVELOPMENT:

One unintended consequence of economic development is the intense competition between communities, state, and nation, for new economic development projects in today's globalized world. With the struggle to attract and retain business, competition is further intensified by the use of many varieties of economic incentives to the potential business, such as; Tax incentives, investment capital, donated land, utility rate discount, and many others¹.

Additionally, the use of community profiling tools and data base template to measure community assets versus other communities, is also an important aspect of economic development. Job creation, economic output, and increase in taxable basis, are the most common measurement tool².

3.11 THE EVOLUTION OF ECONOMIC DEVELOPMENT THOUGHT:

Market-friendly approach, to counter the international dependency model. In contrast with the international dependence model, these approaches mainly argued that underdevelopment is not the result of the predatory activities of the developed countries and

¹ Ibid. PP.56- 58.

² Meir(2000), Infrastructural development and economic growth in Nigeria paper presented at 11th annual conference of the zonal unit research department central bank of Nigeria.

the international agencies but was rather caused by domestic issues arising from heavy state intervention, such as poor resource allocation, government-induced price distortions and corruption¹. As a response to public sector inefficiency, economist of the counter-revolution thinking, for example Bauer, focused on promoting free markets, eliminating government-imposed distortions associated with protectionism, subsidies and public ownership¹.

Neoclassical economists focused on the market to find a way out for the developing countries. Policies of liberalization, stabilization and privatization, therefore become the central elements of national development agenda. Foreign trade, private international investments and foreign aid flowing into the developing countries are expected to accelerate economic efficiency and economic development of these countries. Several African countries focusing on these issues and achieved an average growth rate of only 0.5 percent, per year².

3.12 Measurement Issues In Economic Development:

The concept of development was interpreted in terms of growth of output over time, and later, in terms of per-capita income output. The term growth and development were used interchangeably.

¹Moris C.T. 1988 Comparative patent of economic development 1980-1990, John Hopkin University Press

²Kingdon& Knight 2015, the economic growth of nation. Total output and production structure. Cambridge Belknap.Press of Harvard University Press.

Many developing countries realized their economic growth targets, but standard of living of the people did not change. In fact existence of mass poverty, illiteracy and ill health continued to plague the developing countries.

Economics development is thus a multivariate concept. Hence there is no single satisfactory definition of it. Economic development is a process where low income national income are transformed into modern industrial economies, Political and social transformations are also included in the concept of economic development, in addition to economic change¹.

Literally economic development can be defined as ‘passage from lower to higher stage which implies change². In order word ‘Economic development is generally defined to include improvement in material welfare especially for persons with the lowest incomes, the eradication of mass poverty with its correlates of illiteracy, disease, and early death, change in the composition of inputs and output, that generally include shift in the underlying structure of production away from the Agricultural, toward industrial activities, the organization of the economy in such a way that productive

¹Kingdon & Knight 2015, the economic growth of nation. Total output and production structure. Cambridge Belknap Press of Harvard University Press.

employment is general among working age population rather than the situation of a privilege minority².

Further, for understanding the meaning of development, Gaulet, R. considers three core values as an important basis and guidelines.¹

1. Life sustenance; The ability to meet basis basic needs, that are essential for improvement(food, shelter etc) in quality of life, So the basic functions of economic activity is the overcome people from misery arisen from shortage of food, shelter etc.
2. Self-esteem; A second universal component of life is self esteem; Self esteem refers to self respect and independence. Developing countries need development for self esteem to eliminate the feeling of dominance.
3. Freedom; A third universal value is the concept of freedom. Freedom here is understood as a fundamental sense of release from freedom, freedom from misery, institution and dogmatic beliefs. It refers to freedom from three evils of want, ignorance, and diseases.²

3.13 Per- Capita GDP as Measure of Development:

For measuring national economic development. Commonly referred to as per-capita, Income is used as an important indicator in monitoring

² Ibid,

¹World Bank (2010) World development report, p 6 – 8 .

²Bauer 1984 World Bank 2005, World Development Report P. 18- 25.

3. Ibid

economic growth trends. Economic planners and forecasters have used GDP per- capita, as it signifies economic welfare. It help in developing policies and plans for development, because GDP per-capita, shows weather an economy is improving or not in a particular time³

3.14 Economic Growth:

Economic Growth; is an increase in the capacity of an economy to produce goods and services, compare from one period to another. It can be measured in nominal or real terms.

Growth rate – This is the rate at which a nation's growth domestic product (GDP) changes/growth from one year to another. GDP is the market value of all the goods and services produced in a country in a particular period of time¹.

3.15 Six Factors That Affect Economic Growth:

1. Natural resources—The discovery of more natural resources like oil, or mineral deposits may boost economic growth, as this shift or increase the country's production possibility curve, shift other resources like, land, water, forest, and natural gas.
2. Physical capital or Infrastructure – Increase investment in physical capital such as factories, machinery, and roads will lower the cost of economic activity. Better factories and machineries are more productive than physical labor, thus

¹World Bank (2010) World development report, p 15 - 18

higher productivity can increase output. For example, having a robust highway system can reduce inefficiencies in moving raw materials or goods across the country, which can increase its GDP.

3. Population or labor – A growing population means, there is an increase in the availability of workers or employees, which means a higher workforce, one downside of having a large population is that, it could lead to high unemployment¹.
4. Human capital - An increase in an investment in human capital can improve the quality of labor force. This would result in an improvement of skill's abilities and training, A skill labor force has a significant effects on growth, since skilled workers are more productive.
5. Technology – Technology could increase productivity with the same level of labor, thus accelerating growth and development. This means factories can be more productive at lower costs. Technology is most likely to lead to sustained long- run growth.
6. Law – An institutional frame work which regulates economic activity, such as rule of laws. There is no specific set of institution that promote growth.¹

¹Ibid .World Bank Report (2010), World Development Report.

3.16 IMPORTANT OF ECONOMIC GROWTH:

Economic growth is one of the most important indicators of healthy economy, one of the biggest impacts of long- term growth of a country, that's, has positive impact on National income; and the level of employment, this also increase the standard of living. As the GDP is increasing, it is more productive which leads to more people being employed. This increase the wealth of the country and its population.

Higher economic growth also lead to extra tax income for government spending, which the government can use to develop the economy. This expansion can also be used to reduce the budget deficit¹.

3.17 DIFFERENCE BETWEEN ECONOMIC GROWTH AND ECONOMIC DEVELOPMENT:

Economic growth, refers to the rise in the value of everything produced in the economy, it implies the yearly increase in the country's GDP or GNP. In percentage terms it alludes to considerable rise in per-capita national production over a period of time. The growth rate of increase in total output, must be greater than the population growth rate, Economic growth is often contrasted with economic development, which is defined as the increase in the economic wealth of country or a

¹World Bank (2010) World development report, p 20-24

particular areas. However, it is known that economic growth is an essential, but not the only condition for economic development¹.

The economic trend in a country as a whole, is the major component for its business environment. An economy whose growth rate is high, provides a promising business prospect, and thus builds business confidence¹.

¹Ibid 1 World Bank (2010) World development report, p 25-28

Economic Growth VS Economic Development:

Comparison chart 3.1

Basic for Economic Growth Economic Development comparison		
	Economic growth is the positive change in the real output of the country in a particular span of time.	Economic development involves rise in the level of production in an economy along with the advancement of technology, improvement in living standards etc.
Concept	Narrow	Broad
Scope	Increase in the indicators, like GDP per- capita income.	Improvement in life expectancy rate, infant mortality rate, literacy rate, and poverty rate
Term	Short term process	Long term process
Applicable to	Developed economic	Developing economics
How it can be measured?	Upward movement in national income	Upward movement in real national income.
Which kind of changes are expected .	Quantitative changes	Qualitative and quantitative change
Types of process	Automatic	Manual
When it arises?	In a certain period of time	Continuous process.

Sources: World Bank Development Reports 2015.PP30.

3.18 FINANCING ECONOMIC DEVELOPMENT

Capital accumulation is regarded as the essential process by which Economic development is promoted, i.e capital formation is essential to attain high growth, create employment opportunities. Capital increase by investment, and more investment required a higher rate of savings, or inflow of foreign capital. So there are two sources of capital; These are Domestic and External.

In the early stages of economic development, and in subsistence economic savers and investors tend to be identical, and because there are no financial market, private investment depend heavily on prior self savings. A financial assets are scarce and illiquid, in this, economic capital flow takes place through informal direct lending and borrowing, But as the economy expands, the flows take place also through direct lending and intermediation involving the use of money. Thus the ratio of money to national income increases, which implies an increase of real resources.

The process of development necessitates the existence of channels through which resources transmitted from surplus units. The transfer take place on the basis of interest rate in the interest based economies and profit sharing ratio in the interest free economies.

In the early stage of development, where the economy is poorly equipped with financial intermediation, money is considered to be the only repository of wealth. However, as credit market advanced the range of assets for holding savings is widened to include bond, equities, shares etc. in the interest based economy¹.

3.19 ECONOMIC DEVELOPMENT IN AFRICA:

Development challenges facing the African continent are most compactly captured through a variety of poverty and inequality indicators, either over time or in comparison with other regions of the world. Africa's struggle to overcome poverty and the effects of natural disasters. Job creation is one of the main economic issues in Africa. If there are not enough job opportunities poverty will increase. While there is a less clear set of answers on the relationship and interaction between economic growth, poverty and inequality- a stronger and more widely accepted correlation does exist between economic growth and level of absolute poverty.²

INTERNATIONAL / GLOBAL ECONOMIC DEVELOPMENT:

World economic growth accelerated across a broad base during the second half of 2013 and early 2014. The international monetary fund IMF, estimates that the world economy expanded as an annual rate

¹For instance, in the case of Africa ,Acharya et al. [1985] estimated that 18–21% of total income in 1980–81 went unrecorded in the national accounts.

² World Bank (2010) World development report

of six percent during the second half of 2013, and this growth continued during the first quarter of 2014.

It is widely accepted that, the most successful economies are those that have strong economic links with the rest of the world, and are able to compete successfully in international markets. Economies that cannot compete tend to stagnate or decline, Exports, Import, and international capital movements have all been important in the development of the African economy, and the world at large¹.

3.20 GLOBALISATION OF ECONOMIC DEVELOPMENT, IS CHARACTERISED BY THE FOLLOWING PROCESSES:

1. A rapid expansion of global trade in the manufacturing and services, fuelled by the systematic reduction in international barriers to trading, and secondly, a major shift in the global dispersion of industrial production toward locally owned and/or managed firms in developing countries, especially in respect to products with high labor intensive components. Manufactured exports grew rapidly from developing countries, accounting for more than 70%, of all their merchandised exports by 2010, as compare to 35% in 2000.¹
2. In Sub-Saharan Africa, exports of manufactured products exceed agricultural exports.

¹(UNCTAD, 2010).PP 102.

3. Throughout the developing world there has been a pervasive shift away from resources-based manufactured products to low-tech manufactured products.
4. A new layer of dynamic Asian Economies has emerged, impacting in the manufacturing sectors of the developing economies, especially Africa.
5. The Asian economies have a cheap labour advantage, but are also highly competent in production performance; hence , their export drives are carving out a huge global terrain especially in lower end manufacturing goods (e.g clothes). A major reason has been their ability to not only meet the production standards dictated by the global value chain drivers, but also to continuously cut prices for new technology products, hence cutting global market shares of producers in other developing countries.¹
6. There has been a general global fall in prices of low-technology manufactured products since 2005. However, this global dispersion of production offers new export opportunities to manufacturers in African countries, but only if they meet the exact technical requirements, operational parameters, and pricing structures specifies by their global value chain.

¹ World Bank (2010) World development report

3.21 THE ETHICS THAT GOVERN ECONOMIC DEVELOPMENT:

At national level, values are generalized conceptions of a particular and acceptable moral order that will promote some form of social cohesion between members of a society, values provide a rationale for particular norms, or rules of organization and conduct.¹

The value of economic growth requires, for example, a fairly high degree of individual mobility and a placement system grounded on merit in performance and that requirement is likely to come into conflict with a number of strongly supported values relating to the primacy of kinship position and obligation as a moral virtue.²

Human ethical issues are complex. These include deciding and acting, reflecting and contemplating, sustaining habits over time, nurturing character, and many other activities. This process is part logic, part acts of will, part tuning of emotional sensibilities and part feast of imagination. When people are involved in interactions as it the case with economic transactions, ethical issues are involved.³

¹ World Bank (2010) World development report

² Ibid as above.

³ Ibid

3.22 THE ENVIRONMENT AND ECONOMIC DEVELOPMENT

The environment impacts greatly on economic development. The world economy relies greatly on Agriculture, fishing, tourism, and mining.

The coastal location of the western world and Africa, provide the opportunities that arise from it favourable economic development, The opportunities are not only in exports, but also in deepening international links around investment, technology and production networks, The challenge is to translate the opportunity into output growth and employment in relative labour-intensive areas of manufacturing and other sectors.

The geographical distribution of economic activities in Africa has strong racial and political overtones. The disparities between rural and urban areas, and the movement of people to the more developed and dynamic areas caused a lot of set back to the African Nations.

African continent can produce a variety of agricultural products because the variety of climate condition allows farmers to grow a variety of crop and to rear all types of livestock.¹

3.23 CHARACTERISTICS OF LEVEL OF ECONOMIC DEVELOPMENT

Geographers and economists have identified a range of common economic, social, cultural and political attributes of the developing countries. The position of the developing countries and the developed countries with respect to certain of such characteristics serves to highlight what has generally become known as the development gap between the rich and poor countries.

3.24 HIGH LEVELS OF DEVELOPMENT

1. Per capita incomes are high, and the capital are readily available.
2. There is a comparatively even distribution of wealth within individual countries (e.g in the USA 10% of the population owns 27% of the national wealth).

¹The economic growth of nation, Total output and production structure, Cambridge Belknap, Press of Harvard University Press, Kingdon, & Knight, 2015.

3. Manufacturing and service industries dominate national economies.
4. A very small proportion of population engaged in agriculture.
5. Farming is mostly commercial, efficient and highly mechanized. Farm holdings are generally large and crop yield high.
6. Populations are predominately urban, with over 70% living in towns.
7. Women are increasingly being treated on equal terms with men, and children with adults.
8. Birth and death rate are low and life expectancy is high. The population structure is stationary or regressive and there are often a high proportion of people over 60 years of age.
9. There is a surplus wealth with investment in poorer countries and capital and high technology are exported.
10. There are good medical services, generally good social conditions, with adequate housing space and a high level of public health facilities and sanitation.
11. The infrastructure is highly developed.
12. There are highly developed educational facilities and low level of illiteracy.¹

¹the economic growth of nation, Total output and production structure, Cambridge Belknap, Press of Harvard University Press, Kingdon,& Knight,2015.

3.25 LOW LEVEL OF DEVELOPMENT:

- 1.** Per capita income are low, and capital is scarce.
- 2.** There is uneven distribution of wealth within individual countries.
- 3.** Primary industries dominate national economies.
- 4.** A high proportion (over 70%) of population engaged in agriculture.
- 5.** Farming (a part from plantation agriculture) is mostly at subsistence level and is characterized by inefficient methods and underemployment. Farm holdings are small, mechanization is limited, and crop yields are low.
- 6.** Women held an inferior position in society.
- 7.** Populations are predominately rural, with over 80% living in the countryside.
- 8.** Birth and death rates are high, and the life expectancy is low. The population structure tends to be progressive with a high proportion of children.
- 9.** Diets are inadequate or unbalanced, resulting from relatively low output of protein foods. Hunger and malnutrition are common.
- 10.** There are balance of payments deficits and international debts. Importers of capital and high technology.

11. There is a high incidence of disease and poor medical services. Social conditions are very poor with overcrowding, poor housing, few public services and bad sanitation.
12. The infrastructure is poorly developed.
13. There are poor educational facilities and high level of illiteracy, which hinder scientific and technological advancement.¹

3.26 Concept in Economic Development:

Gross Domestic Product (GDP) The gross domestic product (GDP) is the total value of all final goods and services produced within the boarder of the country, in a particular period (usually one year)¹

The GDP is one of the most important barometers of the performance of the economy. There are three method of calculating the GDP, namely:

1. The production method (value added)
2. The expenditure method (final goods and services)
3. The income method (incomes of the factors of production)

¹the economic growth of nation, Total output and production structure, Cambridge Belknap, Press of Harvard University Press, Kingdon, & Knight, 2015.

3.27 The Growth National Product(GNP):

The total value of goods produced and services provided by a country during one year, equal to the gross domestic product plus the net income from foreign investment.

The GNP is an estimate of all the total value of final products and services turned out in a given period by the means of production owner's by a country's residence, net export represent the difference between what a country exports minus any import of goods and services.

Economic success is measured by how much wealth has been created. Economic growth is simply reflected by changes in the production figure. If it goes up by two percent over a year, then the economic growth has been two percent. If it falls then economic growth is negative.

3.28 Inflation and Economic Development:

Inflation has a great influence on economic development in the sense that it affects the way in which people make a living. It also affects the purchasing power of people.

Inflation is a general increase in prices and fall in the purchasing power of money and a drop in the real value of people's cash saving.¹

3.29 Effects of Inflation on Economic Development:

There are three sets of effects of inflation, namely, distribution effects, economic effects, and political effects.

1. Distribution Effects :

Inflation affects the distribution of income and wealth among the various participants in the economy. The first significant distribution effects is the redistribution between creditors and debtors. The basic rule is that, inflation benefits debtors (borrowers), at the expense of creditors (lenders).

2. Economic effects:

Inflation has various economic effects, which may result in lower economic growth, and higher unemployment than would otherwise have occurred. For examples, decision makers in the private sector

¹Easterly, W, and K SCHMIDS- Hebbel- 1993 "Fiscal deficit & macroeconomics performance in developing countries " world bank research observer; vol , 8 n0 2 washington DC

tend to become more concerned with anticipating inflation than seeking out profitable new production opportunities.¹

Inflation increases the cost of export industries and import-competing industries.

By reducing the value of existing savings, inflation may discourage saving in traditional forms, such as fixed deposits, life insurance policies, and pension fund contributions.²

3. Social and Political Effects:

Price increases make people unhappy and different groups in society start blaming one another for increases in the cost of living. When rents, service charges, bus fares go up, the frustration often give rise to social and political effects. Inflation creates a climate of conflict and tension, which is not conducive for economic growth.

¹(Mohr &Fourie, 2015.PP 75.80.

²Easterly ,W, and K SCHMIDS- Hebbel- 1993 “Fiscal deficit ¯oeconomics performance in developing countries “ world bank research observer; vol , 8 n0 2 Washington DC PP.303.

CHAPTER FOUR

4.0 GENERAL BACKGROUND OF GOMBE STATE¹

Gombe State ‘jewel in the savannah’ was created from the former Bauchi State on October, 1996 during the administration of late general Sani Abacha.

Gombe usually referred to as Gombe state, located in northeastern part of Nigeria, is one of the country’s 36 states; it has 11 local governments. The people of Gombe are mainly farmers, they produce both food and cash crops, among its food crops, are; yam, cassava, maize, tomato, groundnut, while cotton produced as cash crop]. These products provide raw material for agro- based industries, like Tomato Company, cotton ginery, and ground nut oil mill in the state, other industries are cement industry, furniture, block making industries, plus other small scale industries. Recently petroleum deposits were reported to have been discovered in the state.

The creation of the state was logical fulfillment of the aspirations and yearnings of the people, who had long passionately craved for a state of their own,². The state is comprised of 11 (eleven) local government areas namely; Akko, Balanga, Billiri, Dukku, Funakaye, Gombe, Kaltungo, Kwami, Nafada, Shongom and

¹millennium development goals (MDG) 2010. Page 22-25.

²Burkey S.(1996), local government in west Africa since independence, University of Lagos in Nigeria.pp, 34-40.

Yamaltu-Deba. Gombe state has successfully integrated two historically district groups of people, comprising the emirate of Gombe state north and the ethnic grouping of Gombe state. The emirate was established by Buba Yeroduring the jihad period of 1800.¹ It had emerged as part of a larger state building force of the 19th century Sokoto jihad. The emirate government with its headquarters located in Gombe Abba, was formed for the primary purpose of the effective control of what now constitutes a larger part of the present Gombe State, until the advent of the British in the early 20th century.²

However, under the British, the state was administered through the mechanism of two administration units, Gombe native authority and Tangale Waja native authority. The two native authorities had constituted the Gombe division during the colonial era.³

4.1 GEOGRAPHY OF GOMBE STATE:

Gombe state lies in the center of the north-east geopolitical zone of Nigeria. It is located precisely between latitude 9° 30' and 12° 30' north and longitudes 8° 45' and 11° 45' east. The state shares a common boundary with all other states in the zone, namely, Adamawa, Bauchi, Borno, Taraba and Yobe; and occupies a total land

¹Yahaya (2004). local government, administration in Nigeria, Onitsha, abbot book LTD.

²Gombe state, online Nigeria Daily news, Retrieved 2010.

³The role of traditional rulers in conflict prevention and mediation in Nigeria; Retrieved 2010

area of about 20,265 sq.km. The topography of the state is mountainously undulating and hilly to the south but flatly open plain to the north. The Gongola River traverses the state; watering most of the north and north-eastern part of it before emptying into the river Benue at Numan.

Numerous streams that are mostly seasonal also serve as tributaries to the Gongola River. The vegetation of the state is generally guineas savannah grassland with concentration of woodlands in the south-east and south-west¹.

Gombe state is generally warm with average maximum temperature during the hot season, not exceeding 30 centigrade. There are two seasons: the dry season (November to March), and wet season (April to October): average rainfall is 850mm. The state is endowed with rich arable land and about 80% of the people are mainly peasant farmers involved in the cultivation of food and cash crops, such as millet, sorghum, maize, vegetables, cotton and groundnut through rain-fed as well as irrigation agriculture, some of the people are also engaged in livestock's farming, fishing, and craft work. Gombe state has large deposits of solid minerals such as limestone, gypsum, kaolin, silica, talc, uranium and dolomite.

¹Roger Blench, 2006, Umar Hassan, Martin Wach (2006): The role of traditional rulers in conflicts, Prevention and mediation in Nigeria, pp. 11 -15. Retrieved 2010.

4.2 Social Structure and Demography of the State:

Gombe state had a total population of 1,489,122 in 1998 and by the year 2020, the population was projected to 2,895,597 and 3,174,118 respectively. There are slightly more males than females in the state; the sex ratio being 100 males to 98.9 females.

That is the gender composition of the population is almost equally distributed. Three local government account for 46.86% of the total population, namely; Akko (15.24), Yamaltu Deba, (14.79%) and Gombe (17.33%). The least populated three local government however accounted for 15.21% of the headcounts, with Shamgom totaling 4.37%, Nafada making 5.01%, Billiri grossing 5.83%. about 46% of the population belongs to the adolescent group (i.e. less than 15 years of age level) while 51% fall within the working group (between 15-64 years) and about 3.0 percent belong to the aged group (65 years and above). The demographic structures suggest that, the poverty to be reduced, special attentions must be given to creating opportunities to avoid the preponderance of social menace and the incidence of high dependency load. Furthermore, the comparatively low proportion of the aged population is a direct pointer to the relatively low life expectancy at birth in the state. (See: Gombe Encyclopedia Britannica)¹.

¹Gombe – Encyclopedia Britannica, retrieved 2010- 09-21, pp. 20 -22 , MDG – Millennium Development Goals (MDG – 2010 pp, 30)

The overall estimated crude population density of the state by 1998 was about 89.8% per square kilometer. Gombe and Kwami LGA'S both with about 19.4% of the total population, have population density of about 275 persons per square kilometer (square). MDG (Millennium Development Goals).

However, most of the other LGA'S are very sparsely populated, being far below the state average. In Akko LGA'S, it was 0.058 and in Yamaltu-Deba, 1.28 person per square kilometers (sq.km) that background demographic and structural characteristics is an accounting factor for the existence of a vast cultivable agricultural land in the state. Gombe state has a multi-ethnic composition, mainly of fulani, Chamawa, Lunguda, Dadiya, Kanuri, Hausa, Kamo, Jara, among others. In addition, there is quite an appreciate population of Yoruba and Igbo in the state.¹.

Gombe state has a rich cultural heritage craft, such as leather works cloth weaving, decoration etc. The state is also multi-religious in structure, with Muslim and Christians being the most predominant groups, besides, the traditional religion exists but at a lesser degrees, e.g. Eku, among the Tangale communities; and Nabakwa; among the Tula².

¹ Julius Toba (23 January 2009) Pomp as Gombe Monarch mark anniversary, Nigerian Compass, retrieved 2009. Pp12-14.

² millennium development goals (MDG 2010) PP. 22-25

4.3 VALUES OF THE PEOPLE:

Historically, the people of Gombe State are reputed for their resilience, perseverance and the virtue of labor/ hard work has always been the driving force of the people of the State,¹ while they shun idleness. For example, it was a social taboo for an indigene to be idle. At every point in time, the people engage in productive work or enterprise². Also in line with tradition, whatever the people found themselves doing was done with utmost dignity and painstaking commitment. The questioning of ill-gotten wealth was traditionally very much cultural, as this practice further served as a necessary check and balance or social safeguard against reckless, abnormal or anti-social behaviors. Further still, the people of Gombe believe in personal and societal development³. The people are also noted for farming dexterity. Indeed, Gombe is a State where every aspect of farming is predominant, ranging from crop and animal to poultry and fish production besides, as a result of the strong belief of the people of the State in real development, Gombe State has one of the largest numbers of self-help projects in the entire

¹C.A Woodhouse, January 2004, some account of the inhabitants of the way district of Bauchi Province, Nigeria Part I. Journal of the Royal African Society, Oxford University Press, 23: 110 – 121.

²C.A Woodhouse, January 2004, some account of the inhabitants of the way district of Bauchi Province, Nigeria Part I. Journal of the Royal African Society, Oxford University Press, 23: 110 – 121.

³ National Bureau of statistics [2005] Poverty profile for Nigeria since 2000-2005.

northern part of the country. This includes schools, education, roads, markets, etc.¹

Unfortunately, however, the above latent social values have been threatened by government, and management problems experienced in the state until very recently. For example, the maladministration and poor leadership in governance had changed the general orientation of the people of the state from their core traditional values of dignity in labor and respect for constituted authority. Non-accountability and non-responsiveness to the wishes of the people had become common place.²

1. Power – the state is served by the PHCN³, [power holding company in Nigeria] national grid through the North – East PHCN substation located in GS roads five (5) federal trunk “A” road connect the state capital with all parts of the country , Township road have been constructed in the state capital and all the major towns.
2. Airports: State has an international airport which is surrounded by four international airports, located in Kano, Jos, yola, and Maiduguri.

¹C.A Woodhouse, January 2004, some account of the inhabitants of the way district of Bauchi Province, Nigeria Part I. Journal of the Royal African Society, Oxford University Press, 23: 110 – 121

² Julius Toba(23 January 2009) Pomp as Gombe Monarch mark anniversary, Nigerian Compass, retrieved 2010-09-21bit.

³ PHCN: (Power holding company of Nigeria).

3. Language spoken: English is the official language, but as much so Hausa, remain the commercial language among the people of the state, Fulfulde, Tangale, Tera, waja, and Kanuri are commonly spoken.
4. Vegetation: Gombe is generally Guinea Savannah grassland with concentration of wood lands in the south east and southwest.¹

4.4 POST COLONIAL ERA:

The British had set up the Gombe Native authority system which continued to function after independence in 1960. In 1976, the military regime of Olusegun Obasanjo broke up the Native Authority into the Gombe, Akko and Dukku local government Area. In 2002, Gombe State governor, Abubakar Habu Hashidu, broke up Gombe Emirate into parts, ruled by 2nd class Emirs, and two senior District Heads².

Governor Muhammad Danjuma Goje created two additional senior district heads. This had reduced the authority of the Emir at a time of increasing conflicts between farmers and nomadic,

¹Gombe Encyclopedia Britannica, retrieved 2010-09-21

²Gombe State, Online Nigeria Daily News, retrieved 2010-09-21, pp 5-6

Udawaherders, compounded by violence from extremist religious groups.¹

4.5 EARLY HISTORY:

The Gombe Emirate was founded in 1804 during the Fulani Jihad by BubaYero, a follower of Usman Dan Fodio, BubaYero, made Gombe-Abba his headquarters for a campaign against Jukun settlement of Pindiga and Kalam, followed by extensive raids in which he went as far as Adamawa on the other side of Benue River. Further, lands were subdued by his son Muhammad Kwairanga, Emir of Gombe from 1844 to 1882. The Gombe emirate at one time extended from Gombe Abba to Jalingo, but in 1833, the Muri Emirate was created from part of its territory to form a state for the emir's brother.[see Traditional state of Nigeria]²

4.6 STATEMENT OF THE GOMBE STATE MISSION AND VALUE:

The vision of the Founding fathers of Gombe state is to make Gombe. "The jewel in the Savannah", Hence, Gombe State, vision generally seek to actualize those key dimensions of symmetrical development. In more details, and given the agricultural and natural endowment of the state as well as the commercial and industrial

¹ About Gombe Emirates/ Traditional councils, Gombe State achieved from the Original on 27 July 2013, retrieved 27 May 2012, pp 13-14

² Traditional States of Nigeria, world statement, retrieved 15 September 2010

nature of the people of the state. There should be access to all basic facilities of life, must be seen as a right not as a privilege.¹ (fajingbesi , AA and Odusola,AF 2010)¹.

Moreover, it is also vision of the founding fathers of the state to have successive government that are committed to the continuous improvement of the welfare of the people of the state, and to the development of the society. To formulate people - oriented programs ensuring that, they are implemented diligently with all sense of responsibility, so that our people have easy access to the basic necessity of life, that is, food, potable water supply, qualitative education, consistent electricity supply adequate and affordable health care delivery, appropriate housing , with clean environment and above all to guarantee the security of life and property for the people of Gombe State (GS)²(Musgrave , R.A 2014)

During the reign of Emir Zailani (1882-1888), a religious zealot, Mallam Jibril Gaini, established himself at Burmi on the border between house and Fika, Gaini managed to hold out for years against the combined forces of Gombe and neighboring emirates, and was finally defeated and exiled by the British Royal Niger Company in 1902, They moved the capital of Gombe to Nafada in 1913, and

¹Fajingbesi , A.A &Odusolu , A,F (2009) “ Public Expenditure &growth “ in fiscal policy planning & management in Nigeria (eds) O.S. Kamalafe, Jalalillian , H, &Hile, M An Neemn publication

²Musgrave , R,A (1969),The theory of public finance , new York McGraw , Hill book Coy, published, pp27.

moved the capital again in 1919 to the present Gombe town, waja was separated from Gombe. In 1930, Gombe became an independent¹ district; however, the Waja Headman choose Sarkin Yaki [the leader in the battle field, it is traditional title] of Gombe, brother of the former emir Umaru Dan Muhammad as their chief.

4.7 REVENUE SOURCES²:

Government Revenue: Broadly speaking, revenue provide government with the finance to meet her expenditures, this however is not always the case. There are occasions when government Revenue falls short of her expectation, yet it may want to maintain the same level of expenditure, or increase it, under this circumstances, Gombe state government may require either domestic or external borrowing to finance the shortfall. In her revenue gap, such finance, depending on its sources, nature and size has the potentials of affecting government debt stock, as well as money supply, inflation and interest rate.

Government revenue comprises of oil and non-oil components, the percentage of the non-oil component of government revenue became

SOURCES:

1. Traditional states of Nigeria world statements. Retrieved 15 September 2010
2. Roger Blench SELBUT LUNGTAU, Umaru Hassan: Martin Walsh, (9 November 2006) The Rule of traditional rulers in conflict prevention and mediation in Nigeria (PDF) DFID , Nigeria Retrieved 2010-09-21

reduced as the sale of crude oil gained prominence since the 1970's. In 1970's non-oil revenue, while the oil revenue was about 26.0 %. In the same year.¹

4.8 GOVERNMENT EXPENDITURE:

Generally, public expenditure is classified into two categories , namely recurrent and capital expenditures, and these are expenses on consumption and investment. Recurrent expenditures, are expense on consumption and investment, while Capital expenditures include expenses that contribute to long term development; social and economic infrastructures, in order to avoid the complexities in distinguishing between recurrent and capital expenditure;

Government expenditure could be classified according to the actual purpose of government expenditure, e.g transport, education, health defense etc., as in budget planning. In Gombe state, public expenditure is also classified according to function, General administration, Defense internal security national assembly, social and community services, education , health and other social community services, economic services, Agriculture, construction, transportation and communication and other economic services and

¹ Source: CBN Statistical Bulletin (50 years special anniversary edition)

transfers, public debt servicing, pensions and gratuities, contingencies /subvention and other¹.

A cursory look at the profile of government expenditure shows that the greater percentage of government expenditure was spent on the capital item from (2000-2017 in Gombe state)

The period was remarkable in Gombe's socio economic development. Apart from the establishment of many public enterprises, it witnessed the nationalization of several privately owned companies, and the execution of second and third national development plans ² .[see SNE, The Structure of the Nigeria Economy].

4.9 Socio- Economic and Infrastructural Development:

Government plays a very vital role in social and infrastructural development of any nation. Because of its nature and size. Socio economy and despite, the important position of infrastructure in the development has been at the fore-front of government's policies, despite , the important position of infrastructure in the development of the state, especially, electricity , road, water supply, health

¹ Ayodele A. S (2002) Public Enterprises Institutional Reform: Public Investment and indigenous growth in a small open economy

² Structure of the Nigerian economic third edition .pp 32-34

etc. Gombe has improve the much needed growth for socio-economic transformation¹.

4.10 THE IMPACT OF REVENUE GENERATION O ECONOMIC DEVELOPMENT:

A. AGRICULTURE AND FOOD SECURITY:

Agriculture is the most practiced occupation, and remains by far, the most viable and dominant resources that can be harnessed for the economic development of Gombe State. It provides food for the populace and raw materials for the industry. Some agricultural products produced in the state are exportable, such as, crop and livestock production. There are therefore, basically, two major sectors: crop and livestock, fishing also play an important role including hunting in the agriculture sector².

1. Crop Sub-Sector:

Gombe is blessed with a land area of 20,265 sq. Km and a population of 2.3 million people³. About 80% of the population are engaged in agriculture, it is estimated that about 230,000 households are engaged yearly in cultivating about 945,116 hectares of farms land in the state.

¹ UNDP REPORT 2009, united nations development plant 2009.

² Vision 2020, April 21, 2008, pp 20 - 26

³ Haddad L. (2008), Development Narratives: Recent trends and future weeds, Institute of Development Studies (IDS) in focus IDS Brighton

2. Livestock Sub-sector:

Gombe state, with a livestock population of about 0.96 million cattle, 4.2 million sheep and goats, about 2.5 million poultry, 145 million pigs, is one of the leading livestock producers in the country. These animals supply meat, milk, and eggs for consumption, hide and skin for leather industry, organic manure for agriculture. Most significantly this sub-sector provides employment to a large percentage of the population. Sources, Gombe state Economic Empowerment and Development Strategy [SEEDS]. Ministry of Agriculture¹.

3. Solid Mineral:

Gombe state has 35 different types of solid minerals which have not been exploited. If these minerals are properly tapped the economy stability would be sustained and indigenous would be gainfully engaged thereby reducing poverty as one of the priorities of the millennium development goals¹. The untapped solid minerals include: granite, uranium, columbite, limestone, silica, sphalerite, feldspar, kaolin, callate, sapphire, barite, haplite, tourmaline, opal, But that requires large capital outlay. The state government as a matter of urgency should create opportunities for investors and

¹Haddad L. (2008), Development Narratives: Recent trends and future weeds, Institute of Development Studies (IDS) in focus IDS Brighton.

private organizations to tap these lucrative resources. It has been reviewed that day, as a mineral resources, in the state, found in Dukku, Gypsun found, in Funakaye, Akko, Kwami, Shongom, Gombe, Kaltungo, Yamaltu-Deba. Halite found in Akko, Coal is found in Akko, and Kwami. Agatey found in Akko, Amehyst found in Kaltungo, Balanga, Billiri, Akko, and Gombe. Tounmaline found in Billiri, Balanga, Tula, Kaltungo, and Yamaltu/deba. Galena is traced in Billiri, Kaltungo and Akko. Sphalerite (zinc and lead) is found in Kaltungo and Akko. Salt is found in Akko, Billiri, and Balanga. limestone is traced in Gombe, Nafada, Akko, Funakaye, Yamaltu-Deba. Uranium is found in Akko, Kaltungo, Yamaltu-Deba and Gombe¹.

The attributable factors that have led to the under-utilization of the solid minerals sectors in the state are: inadequate awareness and poor marketing orientation¹.

The government of Gombe state has to take a bold initiative to improve the mining sub-sector of the Economy, this to encourage the citizens of the state to own private enterprises, similarly, the state need to show more commitment, to meet the MDG target.

¹Budget and Planning Bureau (2006) Gombe State Economic Empowerment and Development Strategy (SEEDS). Ministry of Solid Mineral Resources.

Sources: MDG, Millennium Development Goals reviewed 2010.

4. Small and Medium Enterprises (Commerce and Trade):

a. Status of Commercial Development:

Gombe state has for long been known for commercial pre-occupation, going far back to the colonial era. Because of its strategic location in the North East Sub Region. Budget and planning Bureau [2016].

The following policy targets need to be achieved. (a) Improvement of the existing commercial centers to modern standards, such as the Gombe old and main markets, Grain Depot, Livestock market, Mainmotor parks, etc.

- a)** Developing international/ultra-modern markets in the state capital.
- b)** Pursue the development of inland container freight station/depot already approved by the federal Government.
- c)** Establish a free trade zone in Gombe.
- d)** Invigorate the State Chamber of Commerce (GOCCIMA), Shippers
- e)** Association, Trade Association, NASSI, and NATA to perform better.
- f)** Promote development of micro Finance Bank in the state.

- g) Set up business consultative committees at the state, and Local levels¹.
- h) Holding Bankers committee meeting regularly to improve investment drive².
- i) Set up Business Association Affairs Unit and Registry in the ministry of commerce and industry.
- j) Pursue the International Economic Programs and Banks, such as AGOA, NEPAD, UNDB, and ECOWAS BANK etc.

5. Status of Industrial Development:

The development of the industrial sector is a parameter for the sustainable economic development for a state, such as Gombe. The industrial sector which provides job opportunities for both the skilled, semi-skilled and unskilled, able-bodied men and women in the state. Gombe state has many dysfunctional business establishments in all over the eleven local governments' area. Business enterprises are classified into small, medium and large-scale enterprises. The industrial sector in Gombe state ranges from Ashaka cement

¹: MDG, Millennium Development Goals reviewed 2010.

²Budget and Planning Bureau (2006) Gombe State Economic Empowerment and Development Strategy (SEEDS). Ministry of Solid Mineral Resources. PP33- 34.

Sources: MDG, Millennium Development Goals reviewed 2010

company , retail and wholesale, and electronic,restaurants, auto mechanics, hotels, motorcycles mechanic, to health services etc.¹

6. Budget and Planning:

The budget and planning in Gombe state is a composite of Bureau of Budget and planning, the ministry of finance, the office of the Accountant General of the state, the Auditor General of the state, Legislature and Governor's office. They are tasked with the responsibilities of conceptualizing, budgeting, preparation of defense by ministries and extra ministerial departments, cabinet ratification, presentation, authorization, implementation, monitoring and education².

7. Board of Internal Revenue:

Internally Generated Revenue (IGR) apart from the Federal Allocation has traditionally supplemented the finances of every state government since IGR proceeds are utilized for development and payment for services rendered to citizens of Gombe state, as a whole, and to specifically finance physical development, the participation of citizens in these development, are through payment of legitimate taxes.

¹ Millennium Project (2005) Investing in Development: A practical Plan to achieve Millennium development Goals, Report to the UN secretary General, London

² Murris MD, (1998) measuring the condition of the world's poor. The physical quality of life index; New York: Pergamon press

Unfortunately, at the present, the means of increasing the IGR in the state are inadequate². Whereas transportation is very essential effective tax collection and robust revenue drive in the state, the vehicles in the Bureau of Internal Revenue (BOIR) pool are old, and many of these having been inherited from former Bauchi state.¹ They are in need of replacement. The few computers that BOIR has are mostly not working and only a few staff can operate them. Expansion of the taxbase is required in order to increase the tax collection figure. This following information about the BOIR, which reflects the vision of what the Board aspires to be by the year 2020. The Board of Internal Revenue presently has four departments i.e. Assessment, collection, tax planning and Audit, and Revenue collection department.

The Impact of Revenue in the Reforming, Gombe State Civil Service

The total number of staff in Gombe State Civil Service from all ministries/extra ministerial departments with the exception of judiciary as at 2017 was 48, 349, comprising of 41,155 males and 7,194 females. The percentage ratio of males to females is 87.8% to

¹Baid, K., MS (2004) Getting, How to accelerate progress toward Development Finance & Development (December)
New York: IMF, Pp. 14 —18
BOIR (Bureau of Internal Revenue)

13.2% respectively. The table below shows the number of state by L.G.A and Gender.

The Gombe States, Local Government, and Gender

Table 4.1

S/W	LGA	Staff Strength					
		Male	%	Female	%	Total	Total
1	Akko	977	6.80	217	1.42	1194	8.22
	Balanga	1391	9.70	534	3.81	1925	13.57
	Billiri	1059	7.38	1054	7.34	2113	14.90
	Dukku	453	3.16	166	0.88	619	4.07
	F/Kaye	371	2.60	105	0.44	476	3.04
	Gombe	1541	10.74	395	2.85	1936	13.59
	Kaltungo	1387	3.91	694	0.86	716	14.56
	Kwami	561	9.67	153	4.89	207	14.77
	Nafada	315	2.20	84	0.28	407	2.48
	Shongom	600	4.18	255	2.32	855	650
	Y/Deba	1251	8.72	80	1.42	329	2.3
	Others	240	1.74	80	1.42	329	2.31
	Total	10155	708	4184	29.2	14349	100

Source: Traditional states of Nigeria World Statement retrieved in 15 December 2016.

The structure of the state's public service has been expanded. It presently depicts an increase in the number of ministries from 8 to 14, while extra-ministerial departments and parastatals have also increased, from 9 to 15. Government has paid much attention to physical development. Good government and human capital development have also recently been receiving the necessary government attention with the onset democratic governance¹.

8. Urban and Rural Development

The ministry for Rural Development has as its responsibility, the provision of good water and sanitation; good accessible road and good electricity supply to the rural communities, among others. The present administration of the state has been performing beautifully in these areas. These are basic components of development, besides the ministry offers consultancy services, which include planning, design and contract supervision as well as technical training on maintenance. Furthermore, the ministry is involved at every stage of decision making process that affects any development program proposed for the rural communities, such decision often includes

¹Gurajarn, N. (2008) Department Futures: What Role for Development Management? Paper pre forward for DSA conference, London

their affordability and willingness to pay and sustain option 1 ,
NAPEP 2001.

9. Youth Development

Human development is an all embracing concept that refers to the status of mental and physical developing people, at any given time and the extent to which people are able to live creatively, expand their life choice, and benefit from the experience of freedom and dignity in living. In spite of the instrumental appeal of the contemporary demands of economic growth increased trade and investment as well as technological progress for purposes of social and economic development, the pursuit and achievement of human development are particularly challenging dimension of balanced development.(Gombe State).²

¹NAPEP (2001a) National Poverty Eradication Programs: Conception, implementation; coordination and monitoring, sidmdwes printers, P. 33

²Gombe State Ministry for the Youth and Students Affairs, Research working paper, November, World Bank, Journal of international Development Pp. 6 - 12

10. Science, Technology and Innovation¹:

Imperative of Science and Technology Development

A major catalyst for the future development of Gombe state is science and technology. Thus, in order to assure development in a sustainable way, science and technology must be elevated to the top of the political and economic agenda. And, hence, the distant vision should be scientific and technological literacy for all. The proximal vision is the development of an elite corps of science lists that would enhance the productive capacity of the state and facilitate development in all sectors of the State's economy. This is also why the far-reaching goal of scientific and technological literacy for all; as earlier discussed and canvassed under social development themes. While the goal is not necessarily meant to make every citizen of Gombe state become a scientist or technologist, it is to increase the awareness of all people in Gombe state about how science and directly or indirectly impact on their lives as well as equip them with basic skills, that would enable them use science and technology to solve everyday problems, for example, applied science field, such as biotechnology, are of critical importance to the long term development of the state. Thus, the state Government should also deliberately

¹A. A. (2014), *Opict. The Political Economic of growth and Development, Gombe State: Monthly Review press*, New York, Obit Pp. 50 - 55

budget annually for the development of the pure science (among the other sciences), and particularly promote investments in scientific research and development. The wider social and developmental benefits of applied science are visible, for examples, in health and agriculture.¹

11. Impact of Revenue on Rural Road:

Rural Development is a strategy and process designed to transform the state rural life and landscape by ensuring progressive social , economic, cultural and , it stress a fundamental principle that, the rural people must share fully in this development process through equitable access to resources, inputs and services and participation in the design and implementation of Development programs.²

The deficiency of transport infrastructure and facilities in rural areas drastically reduces the job opportunities and productivity of rural dwellers. It is also seriously limited and raises the cost of their access to the state and the nation at large. Not surprisingly, the provision and improvement of roads ranks first among the development needs of rural communities.

¹UNCTAD (2002), Science and Technology Report 2002 , UNCTAD/TDR (2002) World Nation

²UNITED NATION DEVELOPMENT PROGRAMS (UNDP) (2005), Human Development Programs (Reports) 2003.

In order to improve rural transport infrastructure, and facilities;Government:

- (a) Link all rural areas to the national and state network of road.
- (b) Promote the provision and effective maintenance of rural roads to cover all communities and settlement in the state.
- (c) Encourage the construction of more inter-local governments and communities to participate effectively in the construction and maintenance of rural roads in the areas.
- (d) Mobilize rural communities for participation in the provision and maintenance of rural roads.
- (e) Promote rural mobility through appropriate and low-cost intermediate modes of rural transport.¹

Impact of Revenue on Rural Electrification:

Rural Electrification is a unit under the ministry of Rural Development which is responsible for the electrification of the towns and villages in rural communities of Gombe state. The unit is involved in the replacement of burnt transformers and provision of new sub-stations. The unit has dropped the idea of providing diesel generators for providing electricity and has adopted the policy of

¹UNITED NATION DEVELOPMENT PROGRAMS (UNDP) (2005), Human Development Programs (Reports) 2003.

providing the necessary infrastructure by which the Nations Grid could provide electricity¹. [Millenium project 2010].

a) Urban Water Supply:

The Ministry of Water Resources and Environmental was created out of the ministry of Agriculture and water resources in May 1999. The ministry has 5(five) functional directorates, comprising administration and finance, irrigation and dams, forestry and wild life, fisheries and environment. The ministry also supervises activities, such as the UNICEF- Assisted water sanitation(WATSAN) and Gombe state Environmental Protection Agency (GOSEPA)².

More lately, two parastatals were also added to the ministry, viz; The Gombe state urban development and Gombe state water board. Given the location of Gombe state in the Savannah agro-dermatological zone, the rain pattern is unpredictable and inadequate, with marked variability at onset and cessation. This natured phenomenon is a serious impediment to enhance agricultural productivity. In order to address this trend, the development and sustainability of irrigation and dam resources is the only panacea. This can be achieved through the exploration of the state².

¹Gombe State Urban Development — Gombe state water board.

²Rawallion, M. (2007) 'How relevant is targeting to the success of an Anti-Poverty Program? Policy Research working paper, Nov. World Bank, wp54385

b) Operational Strategies

The following targets are, therefore embarked: by Ravallion, M. 2007.

- a) Enhancement of state water resources, regulatory policy, and a specific policy to strike a balance of the interdependency and role irrigated and rain-fed agriculture, MDG.
- b) To increase the Balanga irrigation scheme land utilization coverage (Phase I) from its 13% to 70% capacity utilization by 2015; and development of phase II, MDG.
- c) Development and sustainability through collaboration effort between the federal government and the catchment state of Gombe, Adamawa, and Borno, to develop and put to use 50% of the 44, 000 hectares irrigate land of the Dadin Kowa Dam potentials.
- d) Construction of 3 more medium gravity dams. In addition to the existing one with capacity to irrigate 4,000 hectares in each senatorial district, for the harnessing of hydro-electric power generation, water supply, recreation and other economic activities¹.
- e) To embark on rehabilitation of the 118 dysfunctional earth, dams some to be fitted with aqua-filters for clean water, etc., by 2015. Plus, commencement of construction of 20 new ones in area of priority needs. This will enhance minor irrigation activities, water supply, head control, etc.

¹Ravallion, M. (2007) 'How relevant is targeting to the success of an Anti-Poverty Program? Policy Research working paper, Nov. World Bank, wp54385

- f) Drilling of 1106 wash boreholes in area with high water formation, procurement and distribution to irrigation farmers 3,000 units of assorted sizes of water pumps on loan and hire basis.

a. Education

Education and human development have generally constituted critical drivers of balanced development. This is why the continues practices by employers and government all over the world of a proactive commitment to investment in and the development of human capital, is a contemporary necessity, it has been empirically confirmed that the work organization, societies and nation that have deliberately paid necessary attention to human capital investment and development are the (world and /or industry) leaders, and the more prosperous for it¹.

Besides, it is currently evident that the ultimate bench mark of development in a developing or emerging country, such as Nigeria is its association with improvements in the well-being and living standards of the people. Although the purely economic and human dimensions of development (See, Eastwood, R., Lipton (2008)². They can also be harmonized in a way that promotes poverty alleviation and human developments, alongside political and economic development in a developed nation.

¹Elijah, O. A 84 Effort, (2207) Comparative Analysis of the relationship between poverty and underground economy in the highly developed, transition and developing countries, paper No. 2054, posted 07, Nov, 2007/02111.

²Eastwood, R. & Lipton (2000). The Impact of change in Education Journal of Development studies. 36: 1 - 30

The explicit findings of the series of Human Development Reports (HDRs), by the United Nation Developmental Program (UNDP) from 1990 to date have collaborated the validity of the foregoing perspective, for example at the microeconomics level, the same reports have consistently shows that those countries that have focused on human development in their reckoning of overall development planning have also achieved economic growth but not vice -versa.

Hence, the Gombe state is well enriched to the enterprise of education and human development as the bedrock of growth (See Gombe State development strategy).

c) Higher Education

A State University has been established in 2004, with the state aims of providing opportunities for high quality university education through the creation of an enabling environment, where teachers and students will excel in teaching, research and learning in the regard, the university will train men and women to acquire skills, knowledge and values for self-development and the advancement of the larger society. Beside the university, there is also a post—secondary school, i.e. the college of Administrative and Business Studies Kumo, this college offers Diploma courses in various disciplines. It has a staff strength of 67 academic and non-Academic with a student population of 2,034 in the last session i.e. 2007/2008, a committee was set up by the state government to review its position with a view to re-structure it to a standard of a college of

Administrative and Business studies as obtainable anywhere in the country.¹

Moreover, the following developments are earmarked for the sector of education and within the framework of Gombe State. They are:

- a. The reduction/eradication of illiteracy.
- b. Promotion of scientific and technological literacy.
- c. Alleviation of poverty.
- d. Behavioral re-orientation of the people.
- e. Equity in education opportunities across social demographics.
- f. Eradication of social vice through education.
- g. Adequate funding for education.

e. Health:

The importance of health cannot be over-emphasized. It is scientifically proved that, health is wealth. A healthy state is a wealthy state because there will be reduction of poverty as one of the prime objectives of (SEEDS II) Document, (State Economic Empowerment and Development Strategy²).

With the population of about 2.5 million, Gombe state has seven public hospitals, 127 maternity clinics and 157 dispensaries. The involvement of the private sectors is quite low. The stagnant number of

¹Grossman, G. M. & Helpman; (2009) Quality Ladders in the Theory of Economic Growth, Studies paper 2008, PP28-30.

²Herbarger, A.C. (1983) Dutch Disease: How much sickness? How much boom? Resources and energy, vol. 5

the health institutions at 554 in the state is quite inadequate. About 5750 patients in a hospital are not ideal. The number of doctors, nurses, pharmacist, laboratory, scientist, radiologist, ward, aid, and primary health workers are not appreciated at all. The prevalence rate of HIV/AIDS, malaria and other diseases in the state is on the higher side. The HIV/AIDS prevalence rate in Gombe state remains at 40%, being a cross-cutting issue, it cut across all the sectors in the state. However, the state NGOs, CBOs, and junior agencies are jointly fighting that in 2008 immunization against yellow fever is 68%. Tuberculosis is 92%, whopping cough has 86%, tetanus (81%) polio (75%), and measles (110%)¹.

¹Putzel, J. (2004) The Global Fight against Aids: How adequate are the National Commissions? Journal of international Development, 16(8): 1125

Chapter (5)
Data Analysis
Trends in Gombe State Revenue Generation and Federal Allocation 2000 – 2017(₦)

Federal Allocation ₦	Internally Generated Revenue	Direct tax	Indirect tax	Capital expenditure	Government Revenue
18.434.231.000	14.243.114.000.00	1.212.821.311	8.243.211	10.421.241.00	32.668.345.00
18.892.431.421.00	16.843.124.000.00	1.442.212.111	7.111.231	10.431.444.411	35.735.555.542
20.400.245.241.00	16.643.234.000.00	2.202.912.00	9.431.211.2	12.954.221.411	37.048.479.240
21.664.643.20.00	22.332.329.112.00	1.482.111.00	8.112.113.00	13.492.436.00	43.996.972.31
23.843.212.421.00	33.041.234.343.00	1.988.412.00	10.232.431.00	162.848.201.00	46.884.446.76
26.721.140.000.00	20.170.724.982.57	12.111.000.00	10.822.121.00	182.185.111.00	46.891.664.98
34.713.240.000.00	23.815.859.617.56	12.121.000.00	12.431.231.21	201.604.000.00	58.530.000.000
67.457.367.140.00	25.805.73.500.00	1.135.150.00	18.212.111.00	200.120.000.00	83.263.098.640
55.473.142.000.00	46.021.512.172.00	1.730.500.00	20.889.000.00	510.000.000.00	1.0149465.000
62.618.490.160.00	29.429.672.000.00	1.255.468.000	20.999.211.00	251.000.000.00	92.048.161.160
81.611.240.000.00	35.721.067.000.00	1.443.112.00	24.343.112.00	24.182.750.000	1.1733230.00
100.560.000.000.00	45.025.595.000.00	1.882.412.00	26.112.000.00	32.189.660.000	55.081.59.500
120.340.143.000.00	45.037.572.240.00	1.99	30.000.000.00	40.442.000.000	57.071.58654
147.471.012.000.00	50.165.405.414.00	2.392.312.00	42.864.000.00	41.241.210.000	64.912.50.911
162.421.112.130.00	300.000.000.000	2.332.112.00	48.9.43.231.00	40.286.210.000	46.242.111.21
168.889.742.000.00	450.246.124.000.00	2.202.211.00	45.431.231.00	50.827.121.000	61.913.5896.660
177.249.000.000.00	450.446.140.000.00	2.212.431.00	40.234.1123.00	51.664.000.000	65769314000
179.847.662.000.00	620.440.220.000.00	2.343.111.000	412541433000	49.646.421.000	800.287.888.20

Sources : Revenue mobilization and fiscal commission : Ministry of finance and economic development Gombe state.

Chapter Five

5.0 Introduction:

5.1 DATA ANALYSIS:

The research methodology in econometrics has four steps, these are as follows:

1. Classification of the model
2. Estimation of the parameters
3. Evaluation of the model parameters Estimated
4. Forecasting test

1st step:

Model classification:

- a. To determine the variables of the model
- b. To determine the mathematical model shape
- c. To determine the pre-information about relation of the independent variables with dependent variable.

Model classification:

It means the mathematical formulation of variables and their parameters can be measured in standard ways, under the following steps, these are:

A. To determine the variables of the model:

y = Economic Development (dependent variable)

X_1 =inflation Rate (independent variable)

X_2 = Federal Allocation (independent variable)

X_3 = internally generated Revenue (independent variable)

X_4 = Indirect Tax (independent variable)

(Observation: The independent Variables in the model), will not be included (U) but will be added at the Random variable for the missing variables.

To determine the shape in the mathematical form, the results are as follows:

$$Y = B_0 + B_1 X_1 + B_2 X_2 + B_3 X_3 + B_4 X_4 + U$$

B. Determining initial information for independent variables and their relation to the dependent variable as follows:

X_1 Inflation Rate: The relationship between inflation rate and economic development expected to be a positive by (positive sign)

X_2 Federal Allocation The relationship between federal allocation and economic development is expected to be inverse by (negative sign).

X_3 Internally generated Revenue (The relationship between internally generated Revenue, and economic development is expected to be a positive by (positive sign)

X_4 Indirect Tax (The relationship between Indirect Tax and economic development is expected to be a positive by (positive sign).

2nd Stage: Model Estimation:

This stage has three steps, these are as follows:

1. Collecting data
2. Resolve assembly problems
3. Choose the appropriate measurement method.

1. Collecting Data (Analysis and Treatment):

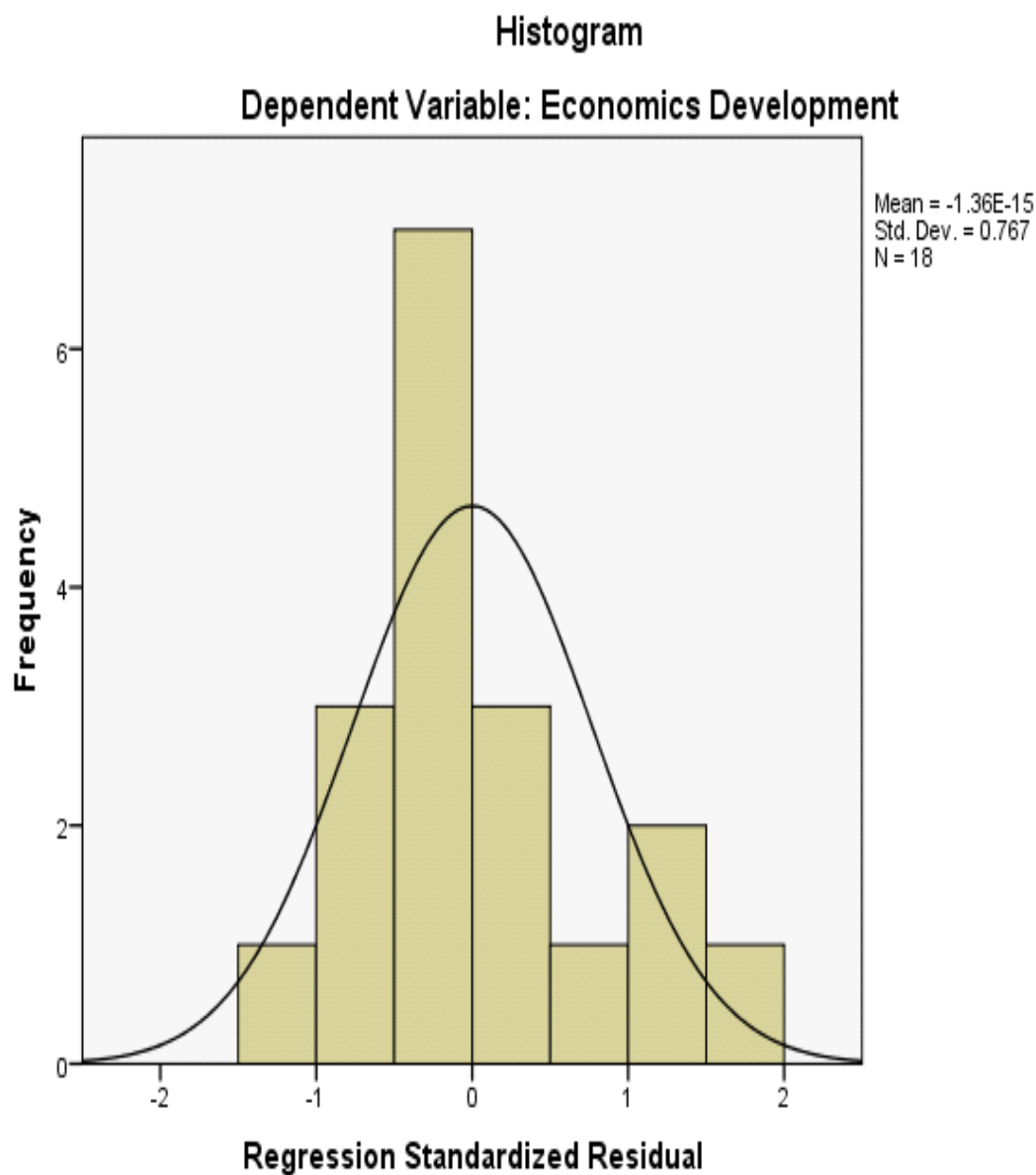
Study was carried out over the period 2000-2017 the Data used for this Dissertation were sourced from the Ministry of Finance & Economics Development Gombe State.

Attached (Trends in Gombe State, revenue generation and federal allocation 2000-2017).

It has found that, the economic variables include; independent variables which affect dependent variables, through unknown parameters that would be measure by the mechanical analysis (SPSS) with the existence of the random variable, the analysis includes:

a. Test the stability of time series:

Fig 1 the historical time series test (time plot) were used.



b. Test and treatment of econometric problems:

The **Frisch test** for treatment of the Multi collinearity between the Inflation Rate & Internally Generated Revenue.

(This test performs a regression of the dependent variable with each independent variable separately, then the test is carried out on the basis of the economic

criterion and the statistical standard to test the best. The variable is classified as an important variable or undesirable)

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Inflation Rate ^b	.	Enter

a. Dependent Variable: Economics Development

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.961 ^a	.924	.921	4180313756892.284

a. Predictors: (Constant), Inflation Rate- b. Dependent Variable: Economics Development

Coefficients^a

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	Correlation	Collinearity statistics
-------	-----------------------------	---------------------------	---	------	-------------	-------------------------

	B	Std. Error	Beta			Zero-Part order	Partial	Tolerance VIF
Constant	20854223487387.700			10.390	.000			
	2007204963910.266							
Inflation Rate	3454384665624.183		.9261	17.104	.000	.961	.961	1.0001.000
	201966299364.417							

a. Dependent Variable: Economics Development

CollinearityDiagnostics

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	Inflation Rate
1	1	1.913	1.000	.04	.04
	2	.087	4.683	.96	.96

a. Dependent Variable: Economics Development

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Federal Allocation ^b	.	Enter

a. Dependent Variable: Economics Development

b. All requested variables entered.

c. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.916 ^a	.840	.833	6074557589703.380

a. Predictors: (Constant), Federal Allocation

b. Dependent Variable: Economics Development.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
Constant)	310900771 49032.990	2226110906 766.064		13.966	.000					
General location	.206	.018	.916	11.221	.000	.916	.916	.916	1.000	1.000

a. Dependent Variable: Economics Development

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Internally Generated Revenue ^b	.	Enter
a. Dependent Variable: Economics Development			
b. All requested variables entered.			

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations				Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part		Tolerance	VIF
(Constant)	44000449967159.150	2890420387778.198			15.223	.000					
Internally Generated Revenue	.044	.010	.669	.669	4.407	.000	.669	.669	.669	1.000	1.000

a. Dependent Variable: Economics Development

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	Internally Generated Revenue
1	1	1.643	1.000	.18	.18
	2	.357	2.145	.82	.82

a. Dependent Variable: Economics Development

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Indirect Tax ^b	.	Enter

a. Dependent Variable: Economics Development

b. All requested variables entered.

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.568 ^a	.322	.294	12497102032344.748
a. Predictors: (Constant), Indirect Tax				
b. Dependent Variable: Economics Development				

Coefficients ^a											
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	4750277371 1428.140	28163140838 63.651		16.867	.000					
	Indirect Tax	66.541	19.692	.568	3.379	.002	.568	.568	.568	1.000	1.000
a. Dependent Variable: Economics Development											

CollinearityDiagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	Indirect Tax
1	1	1.493	1.000	.25	.25
	2	.507	1.715	.75	.75

a. Dependent Variable: Economics Development

2. Choose the appropriate measurement method:

Using the Ordinary Least Square Method (OLS) for multiple Regression analysis.

Analysis Results:

Using the ordinary Least Square Method to estimate multiple linear regression, the results were as follows:

Model estimated is:

$$Y = 2.1 + 3.2(\text{Inflation}) + 0.4(\text{Federal Allocation}) + 0.01(\text{Internally generated revenue}) + 10.8(\text{Indirect Tax})$$

R 0.96

R Square = 0.92

Adjusted R Square = 0.89

Durbin-Watson = 1.8

P value F = 36.125 Prob (F-statistic) = 0.000

Variance of Inflation Factor (VIF) for:

Inflation rate = 14.40

Federal allocation = 20.20

internally generating revenue = 5.9

Indirect Tax = 2.9

3rd stage: Evaluation of model parameters estimated

There are three standards for evaluating the parameters results.

a. Economics Standard:

Table No. 5.1

variables	Parameters	St. deviation	T. values	significant
Constant	2.1	4.17	5.970	.000
Inflation Rate	3.17	0.76	2.850	.014
Federal Allocation	.042	39.3	.502	.624
internally generating revenue	-.013	34	-.850	.411
Indirect Tax	10.755	6.31	.481	.639

In Table No.(1) 1st column show the constant & variables

- A.** B0 Constant estimated (2.1) has positive sign it means economic dev. Increasing when the revenue increased, it has same sign with the economics standard.
- B.** B1 parameter of inflation Rate = (3.17) the relationship between inflation rate and economic development expected to be a positive by (positive sign).
- C.** B²Federal Allocation= (.04) The relationship between federal allocation and economic development is expected to be a positive by (positive sign).
- D.** B³ internally generated Revenue = (0.013) (The relationship between internally generated Revenue, and economic development is expected to be inverse by (negative sign).
- E.** B⁴Indirect Tax = (10.755)(The relationship between IndirectTax and economic development is expected to be a positive by (positive sign)

b. Statistical Standard:

Statistical Standard for evaluation of the estimated model parameters separately as follows:

Table No. 5.2

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	3702621853798 2250000000000 00.000	4	92565546344 95563000000 00000.000	36.1 25	.000 b
Residual	3331093159778 1600000000000 0.000	13	25623793536 75507700000 0000.000		
Total	4035731169776 0413000000000 00.000	17			

A .From the (ANOVA) Table No. (2) shows

$F = 36.125$ and The Probability (F- statistic) = 0.000, it is less than 5% (when compare the (F calculated) with F table = (3.18)

If $F_c \geq F_t$ means it significant, reject null hypothesis $H_0 = 0$

(no relation between the dependent variable and all the independent variables) Accept the alternative hypothesis $H_0 \neq 0$ (there is relation between the dependent variable and all the independent variables).

If $F_c \leq F_t$, means it insignificant .

The above result it means the whole model is significant, or the regression is significant.

There is influences on the economic development from the inflation rate, federal allocation, and indirect tax.

B. The correlation between the independent variables and the economic development appear with correlate coefficient bellow:

$R = 0.96$ and $R \text{ Square} = 0.92$

Adjusted R Square = 0.89 (more accuracy)

F. In table No. (1), the 4th column represents the probability values of the parameters of the model through which the statistical significance is

determined, and show the Probability (T-Test Statistic) of the parameters of the model estimated as follows:

- G.B0** The constant parameter is significant at (0.00), which is less than 0.05, meaning that the constant is significant.
- H.B1** Inflation rate parameter is significant at (0.014), which is less than 0.05, meaning that the constant is significant
- I. B2** Federal Allocation parameter is insignificant at (0. 624), which is more than 0.05, meaning that the constant is insignificant.
- J. B3** Internally generated Revenue parameter is insignificant at (0.411), which is more than 0.05, meaning that the constant is insignificant
- K. B4** Indirect Tax parameter is insignificant at (0.639), which is more than 0.05, meaning that the Indirect Tax is insignificant.

C. Econometrics Standard:

Table No. (1) shows some standard tests:

Durbin Watson test (DW)

To detect the problem of model errors or auto correlation, it is equal to (1.7) and by reference to the scale value ranging from (1.5 - 2.5) it is close to the standard value which means that the model does not suffer from the problem of Auto-correlation See Table (1)

White test:

The White test is used to detect the Heteroscedasticity problem, which is rarely found in time series data. The test value is $OPS^* R \text{ square} = (0.95)$, id, which is greater than 5%.

Forecasting with regression models:

Forecasting is one of the Econometrics aims, whereby the path of the phenomenon will be identified in the future to help decision-makers and planners.

Table No. 5.3

Forecast					
Model		2018	2019	2020	2021
Economics	Forecast	73832714117647	76333185235294	78833656352941	81334127470588
Development-	UCL	85020438969386	92155017452722	98211364217254	103709577174066
Model_1	LCL	62644989265908	60511353017866	59455948488628	58958677767110

For each model, forecasts start after the last non-missing in the range of the requested estimation period, and end at the last period for which non-missing values of all the predictors are available or at the end date of the requested forecast period, whichever is mention earlier.

Source; Revenue mobilization and fiscal commission, Ministry of finance and economic development. Gombe State.

Table No. 5.4

Descriptive Statistics			
	Mean	Std. Deviation	N
Inflation Rate	7.6867	4.17856	18
Federal Allocation	79496548497703.44	65268620915200.760	18
Internally GeneratedRevenue	124746036826729.44	190245564482339.300	18
Indirect Tax	42951434059.56	93533758834.034	18
Economics Development	47651167987838.89	15407658847576.310	18

Descriptive statistics is a summary that quantitatively describes or summarize features of a collection of information. The descriptive statistics are used to describes the basic features of the data in the research. They provide simple summaries about the sample and the measures.

However, with hypothesis testing, one uses a test, such as Anova to test whether a hypothesis about the mean is true or not, from our findings, the test of all our hypotheses stand accepted, or its true, the revenue has impact on economic development of Gombe State.

Source; Revenue mobilization and fiscal commission, Ministry of finance and Economic Development, Gombe State.

Table No. 5.5

Correlations						
		Inflation Rate	Federal Allocation	Internally Generate Revenue	Indirect Tax	Economics Development
Inflation Rate	Pearson Correlation	1	.948**	.689**	.554*	.955**
	Sig. (2-tailed)		.000	.002	.017	.000
	N	18	18	18	18	18
Federal Allocation	Pearson Correlation	.948**	1	.790**	.529*	.901**
	Sig. (2-tailed)	.000		.000	.024	.000
	N	18	18	18	18	18
Internally Generated Revenue	Pearson Correlation	.689**	.790**	1	.732**	.619**
	Sig. (2-tailed)	.002	.000		.001	.006

	N	18	18	18	18	18
Indirect Tax	Pearson Correlation	.554 [*]	.529 [*]	.732 ^{**}	1	.517 [*]
	Sig. (2-tailed)	.017	.024	.001		.028
	N	18	18	18	18	18
Economics Development	Pearson Correlation	.955 ^{**}	.901 ^{**}	.619 ^{**}	.517 [*]	1
	Sig. (2-tailed)	.000	.000	.006	.028	
	N	18	18	18	18	18
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

Source; Revenue mobilization and fiscal commission, ministry of finance and economic development, Gombe State.

Table No. 5.6

Variables Entered/Removed^a			
Model	Variables Entered	Variables Removed	Method
1	Indirect Tax, Federal Allocation, Internally Generated Revenue, Inflation Rate ^b	.	Enter
a. Dependent Variable: Economics Development			
b. All requested variables entered.			

Source; Revenue mobilization and fiscal commission, Ministry of finance and Economic Development, Gombe State.

Table No. 5.7

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.958^a	.917	.892	5061995015481.058	1.680
a. Predictors: (Constant), Indirect Tax, Federal Allocation, Internally Generated Revenue, Inflation Rate					
b. Dependent Variable: Economics Development					

Source; Revenue mobilization and fiscal commission, Ministry of finance and Economic Development, Gombe State.

Table No. 5.8

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3702621853798225000 000000000.000	4	925655463449556300 000000000.000	36.125	.000 ^b
	Residual	3331093159778160000 000000000.000	13	256237935367550770 000000000.000		
	Total	4035731169776041300 000000000.000	17			
a. Dependent Variable: Economics Development						
b. Predictors: (Constant), Indirect Tax, Federal Allocation, Internally Generated Revenue, Inflation Rate						

Source; Revenue mobilization and fiscal commission, Ministry of finance and Economic Development, Gombe State.

Table No. 5.9

Coefficients^a										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	Constant	2104298.6036124973	3524578495821.757		5.970	.000	13428597126508.896	28657374945741.047		
	Inflation Rate	3179048180677.082	1115390635434.624	.862	2.850	.014	769393212172.010	5588703149182.154	.069	14.412
	Federal Allocation	.042	.085	.180	.502	.624	-.140-	.225	.049	20.202

	Internall y Generate dRevenu e	-.013-	.016	-.164-	- .850-	.41 1	-.047-	.021	.169	5.900
	Indirect Tax	10.755	22.370	.065	.481	.63 9	-37.573-	59.083	.344	2.905

a. Dependent Variable: Economics Development

Source; Revenue mobilization and fiscal commission, Ministry of finance and Economic Development, Gombe State.

Table No. 5.10

Coefficient Correlations^a						
Model			Indirect Tax	Federal Allocati on	Internally Generated Revenue	Inflation Rate
1	Correlati	Indirect Tax	1.000	.501	-.709-	-.498-

	ons	Federal Allocation	.501	1.000	-.716-	-.931-
		Internally Generated Revenue	-.709-	-.716-	1.000	.539
		Inflation Rate	-.498-	-.931-	.539	1.000
	Covarian ces	Indirect Tax	500.43 2	.947	-.249-	- 124233139 37065.885-
		Federal Allocation	.947	.007	-.001-	- 877845517 94.695-
		Internally Generated Revenue	-.249-	-.001-	.000	942902672 5.880
		Inflation Rate	- 12423 31393 7065.8 83-	- 87784 55179 4.695-	9429026 725.880	124409626 961525520 0000000.0 00
a. Dependent Variable: Economics Development						

Source; Revenue mobilization and fiscal commission, Ministry of finance and Economic Development, Gombe State.

Table No. 5.11

CollinearityDiagnostics ^a								
Model	Dimensi on	Eigen value	Condi on Index	Variance Proportions				
				(Consta nt)	Inflati on Rate	Federal Allocati on	Internally GeneratedReve nue	Indirect Tax
1	1	3.929	1.000	.01	.00	.00	.01	.01
	2	.719	2.337	.05	.00	.00	.02	.17
	3	.239	4.052	.11	.00	.01	.12	.43
	4	.104	6.149	.25	.02	.03	.43	.10
	5	.008	22.020	.58	.97	.95	.42	.29
a. Dependent Variable: Economics Development								

Source; Revenue mobilization and fiscal commission, Ministry of finance and Economic Development, Gombe State.

Table No. 5.12

Residuals Statistics^a					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	21903236399 103.99	71575428661 248.00	47651167987838.89	14758092204534.553	18
Std. Predicted Value	-1.745-	1.621	.000	1.000	18
Standard Error of Predicted Value	1454844280 832.000	5059412754 432.000	2512133610085.181	924321459718.125	18
Adjusted Predicted	1740860030 9760.00	3097453909 77024.00	60970973003587.16	63675643830501.66 0	18

Value					
Residual	- 7797606973 440.000-	6920997961 728.000	-.006-	4426586229336.771	18
Std. Residual	-71.540-	1.367	.000	.874	18
Stud. Residual	-1.628-	1.756	-.088-	1.055	18
Deleted Residual	- 2384131312 84480.000-	1141563300 2496.000	- 13319805015748.27 7-	56474781352160.23 4	18
Stud. Deleted Residual	-1.753-	1.932	-.084-	1.099	18
Mahalanobis Distance	.460	16.038	3.778	3.790	18

nce					
Cook's Distance	.000	443.204	24.684	104.449	18
Centered Leverage Value	.027	.943	.222	.223	18
a. Dependent Variable: Economics Development					

Source; Revenue mobilization and fiscal commission, Ministry of finance and Economic Development, Gombe State.

Table No. 5.13

Model Description			
			Model Type
Model ID	Economics Development	Model_1	ARIMA(0,1,0)

Source; Revenue mobilization and fiscal commission, Ministry of finance and Economic Development, Gombe State.

Table No. 5.14
Model Summary

Model Fit											
Fit Statistic	Mean	SE	Minimum	Maximum	Percentile						
					5	10	25	50	75	90	95
Statistical R-squared	1.00E-013	.	1.000E-013	1.000E-013	1.000E-013	1.000E-013	1.00E-013	1.000E-013	1.00E-013	1.000E-013	1.000E-013
R-squared	.878	.	.878	.878	.878	.878	.878	.878	.878	.878	.878
RMS Error	5277464448930.321	.	5277464448930.321	5277464448930.321	5277464448930.321	5277464448930.321	5277464448930.321	5277464448930.321	5277464448930.321	5277464448930.321	5277464448930.321

			1					1	1		
MAP E	8.471	.	8.471	8.471	8.471	8.471	8.471	8.471	8.471	8.471	8.471
Max APE	28.210	.	28.210	28.210	28.210	28.210	28.210	28.210	28.210	28.210	28.210
MAE	3760288 566685. 121	.	37602 88566 685.12 1	3760288 566685.1 21	3760288 566685. 121	3760288566 685.121	3760288 566685. 121	37602 88566 685.12 1	37602 88566 685.12 1	3760288 566685.1 21	37602 88566 685.12 1
Max AE	1082930 8452352 .941	.	10829 30845 2352.9 41	1082930 8452352. 941	1082930 8452352 .941	1082930845 2352.941	1082930 8452352 .941	10829 30845 2352.9 41	10829 30845 2352.9 41	1082930 8452352. 941	10829 30845 2352.9 41
Norm alized BIC	58.756	.	58.756	58.756	58.756	58.756	58.756	58.756	58.756	58.756	58.756

Source; Revenue mobilization and fiscal commission, Ministry of finance and Economic Development, Gombe State.

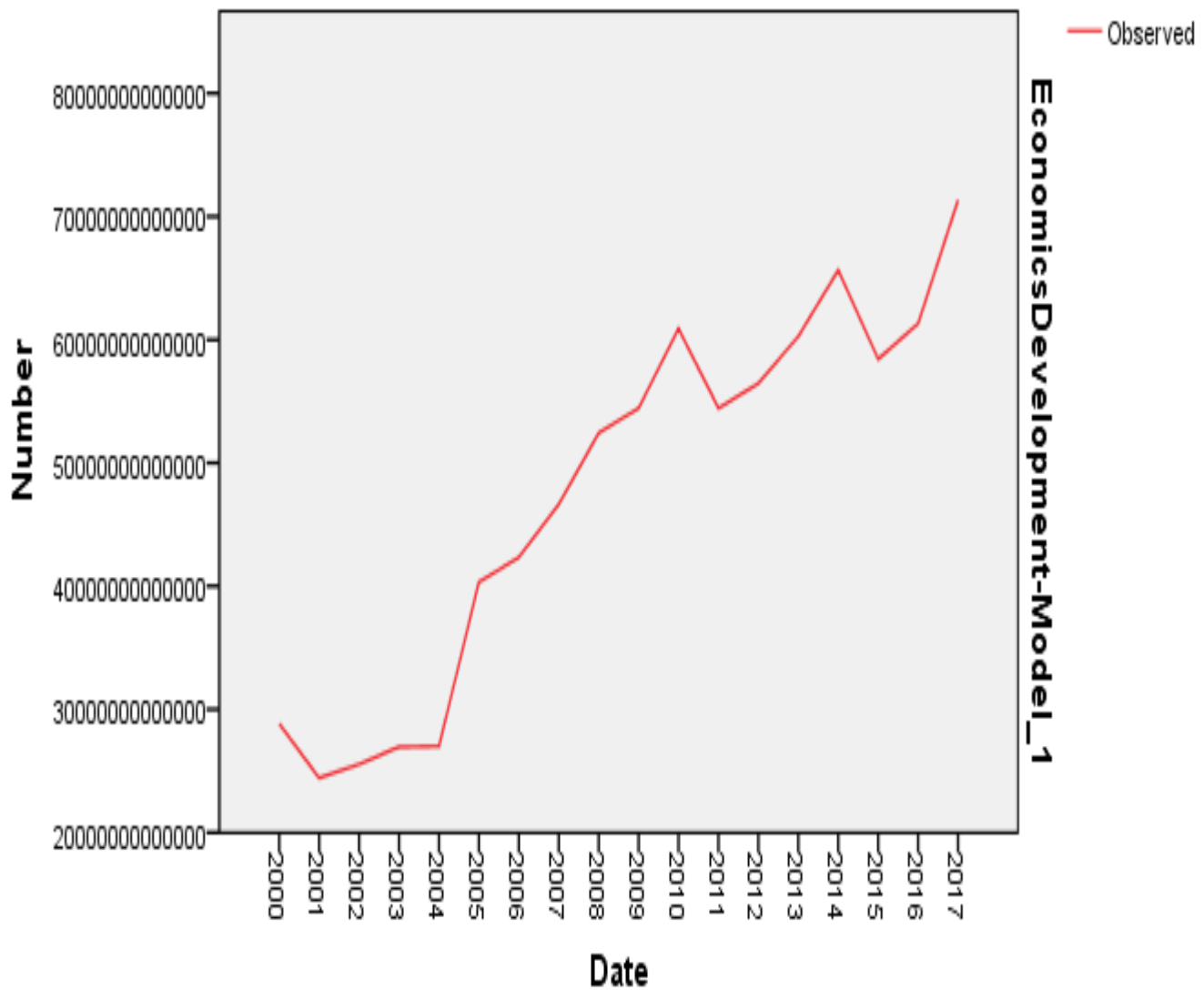
Table No. 5.15

Model Statistics						
Model	Number of Predictors	Model Fit statistics	Ljung-Box Q(18)			Number of Outliers
		Stationary R-squared	Statistics	DF	Sig.	
Economics Development-Model_1	0	1.000E-013	.	0	.	0

Source;
Revenue mobilization and fiscal comm

ission, Ministry of finance and Economic Development, Gombe State.

Figure 2:



Source; Revenue mobilization and fiscal commission, ministry of finance and economic development, Gombe State.

Figure 3:

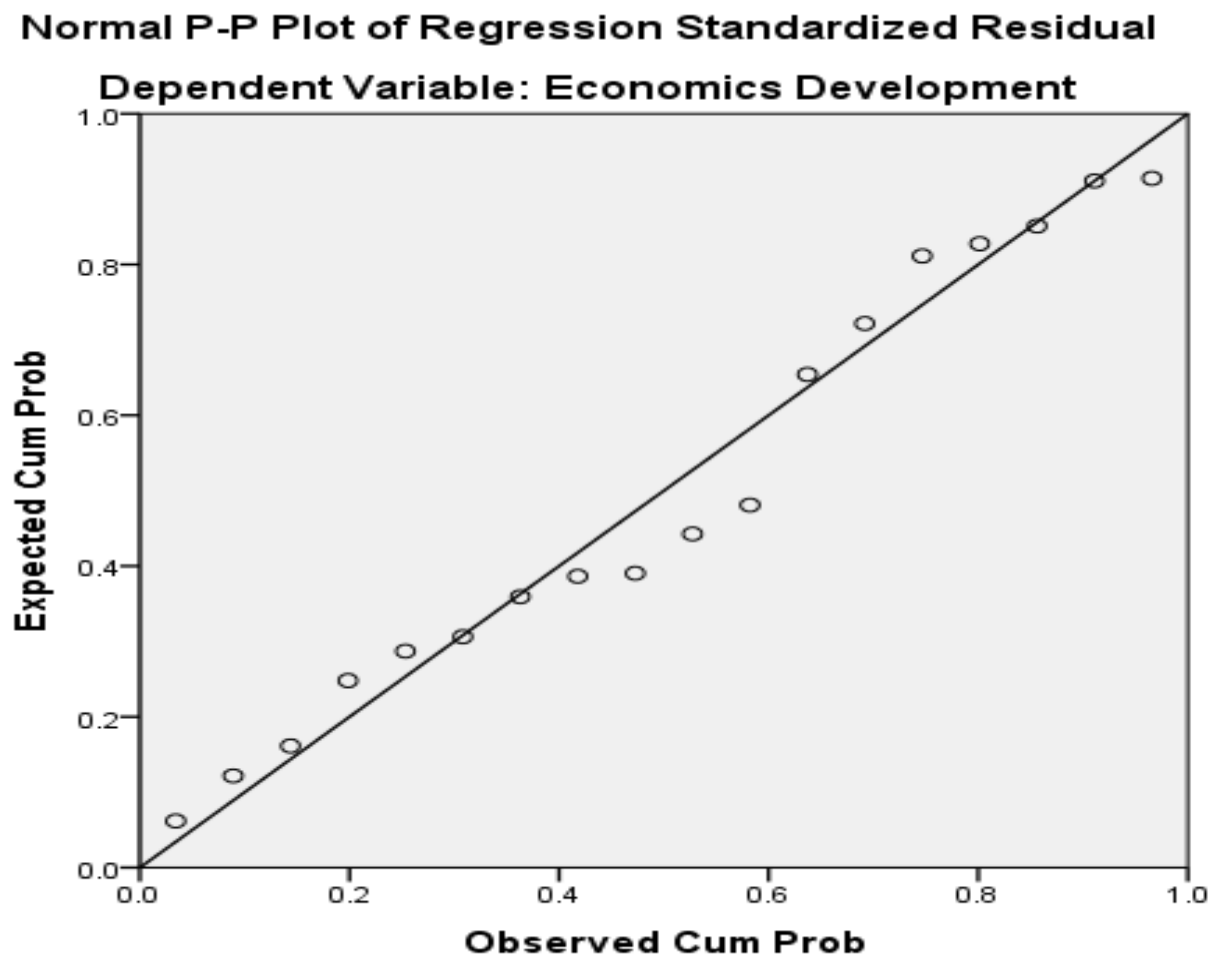


Figure 4:

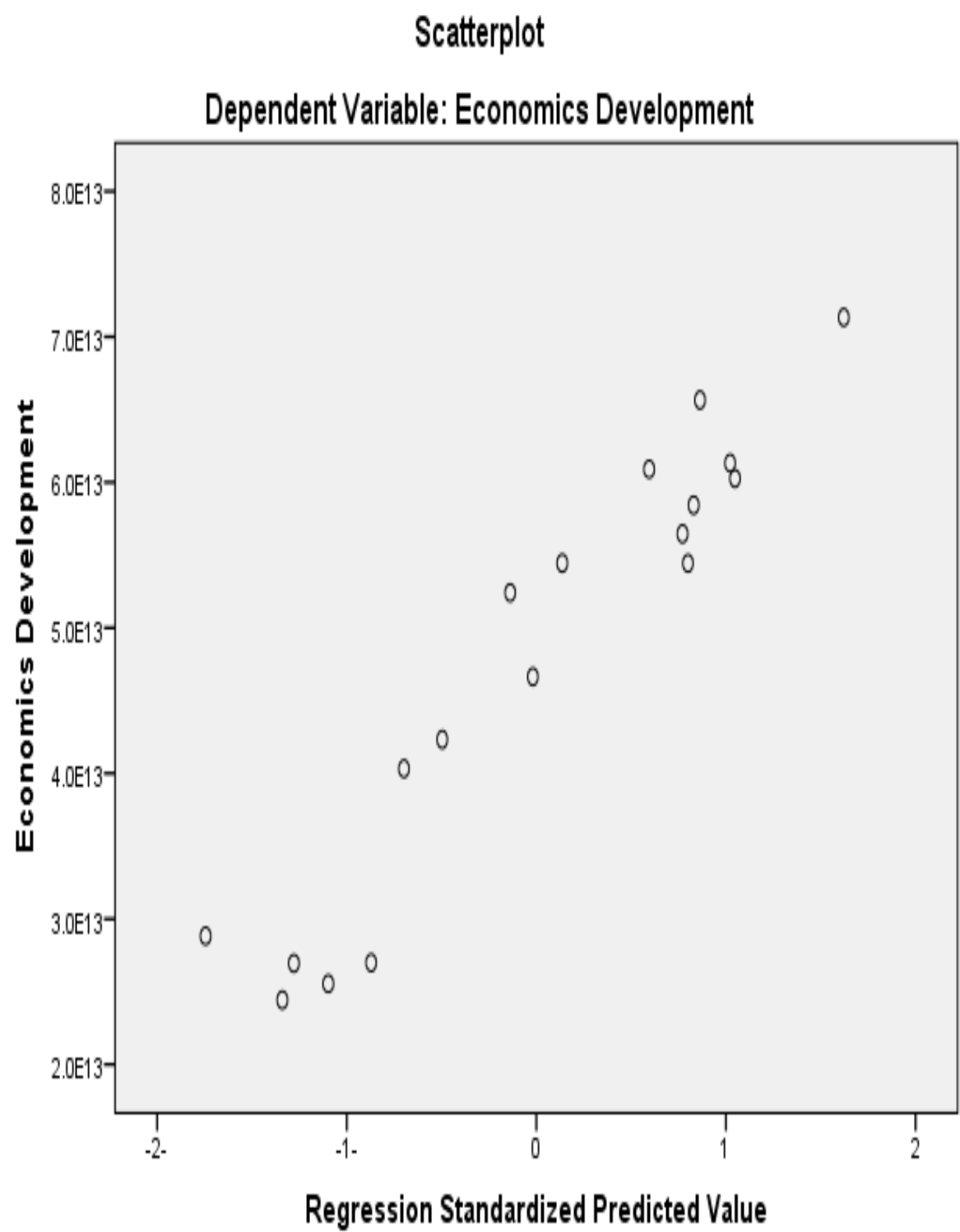


Table No. 5.16

Model Summary	
Multiple R	.958
R Square	.918
Adjusted R Square	.892
Std. Error of the Estimate	10155868936932440.000
Log-likelihood Function Value	-549.571-

Table No. 5.17

Time Series Modeler

Model Description			
			Model Type
Model ID	Economics Development	Model_1	ARIMA(0,1,0)

Source; Revenue mobilization and fiscal commission, Ministry of finance and Economic Development, Gombe State.

Table No. 5.18

Model Fit											
Fit Stati stic	Mean	S E	Mini mum	Ma xim um	Percentile						
					5	10	25	50	75	90	95
Stati onary R- squar ed	1.000E- 013	.	1.000 E- 013	1.00 0E- 013	1.000E- 013	1.000E- 013	1.000E- 013	1.000E- 013	1.000E- 013	1.000E-013	1.000E- 013
R- squar ed	.878	.	.878	.878	.878	.878	.878	.878	.878	.878	.878
RMS E	52774 64448 930.32 1	.	5277 4644 4893 0.321	527 746 444 893 0.32 1	527746 444893 0.321	527746 444893 0.321	527746 444893 0.321	527746 444893 0.321	527746 444893 0.321	5277464448 930.321	527746444 8930.321
MAP E	8.471	.	8.471	8.47 1	8.471	8.471	8.471	8.471	8.471	8.471	8.471

Max APE	28.210	.	28.210	28.210	28.210	28.210	28.210	28.210	28.210	28.210	28.210
MAE	376028856685.121	.	376028856685.121	376028856685.121	376028856685.121	376028856685.121	376028856685.121	376028856685.121	376028856685.121	376028856685.121	376028856685.121
Max AE	10829308452352.941	.	10829308452352.941	10829308452352.941	10829308452352.941	10829308452352.941	10829308452352.941	10829308452352.941	10829308452352.941	10829308452352.941	10829308452352.941
Normalized BIC	58.756	.	58.756	58.756	58.756	58.756	58.756	58.756	58.756	58.756	58.756

Source; Revenue mobilization and fiscal commission, Ministry of finance and Economic Development, Gombe State.

Table No. 5.19

Model Statistics						
Model	Number of Predictors	Model Fit statistics	Ljung-Box Q(18)			Number of Outliers
		Stationary R- squared	Statistics	DF	Sig.	
Economics Development Model_1	0	1.000E- 013	.	0	.	0

Source; Revenue mobilization and fiscal commission, Ministry of finance and Economic Development, Gombe State.

Table No. 5.20

Forecast

Model		2018	2019	2020	2021
Economics Development- Model_1	Forecast	73832714117647	76333185235294	78833656352941	81334127470588
	UCL	85020438969386	92155017452722	98211364217254	103709577174066
	LCL	62644989265908	60511353017866	59455948488628	58958677767110

For each model, forecasts start after the last non-missing in the range of the requested estimation period, and end at the last period for which non-missing values of all the predictors are available or at the end date of the requested forecast period, whichever is earlier.

Source; Revenue mobilization and fiscal commission, Ministry of finance and Economic Development, Gombe State.

DISCUSSION OF FINDINGS:

The study was carried over the period of 2000-2017, the Data used for this dissertation were sourced from the ministry of finance, and economic development, Gombe state. See attached (page 124).

It was found out that, the Economic variable include independent variable that affect the dependent variable through unknown parameters that should be measured by the mechanical analysis (SPSS), with the existence of the random variable.

Frisch Test was used for the treatment of Multicollinearity between the inflation rate and internally generated revenue. This test performs a regression of dependent variables with each independent variable separately, then the test is carried out on the basis of the Economic criterion, and the statistical standard to test the best. The variables are classified as an important variable or undesirable.

However, by using the ordinary least square method to estimate multiple linear regression, the result found was

$$Y = 2.1 + 3.2 (\text{Inf.}) + 0.4(\text{fed.}) + 0.01 (\text{In GR}) + 10.8 (\text{Ind. T})$$

In table No.1, the column shows the constant and variable constant estimated(2.1) has positive sign, it means economic development increasing, when the revenue increased, it has same sign with the economic standard.

B1. Parameter of inflation rate (3.17), The relationship between inflation rate and economic development expected to be a positive by (positive sign).

B2. The federal allocation (.04) The relationship between federal allocation and economic development is expected to be a positive sign (positive sign).

B3. The internally generated revenue (0.013), The relationship between internally generated revenue, and economic development is expected to be inverse by (negative sign).

B4. The indirect tax (10.755), The relationship between indirect tax and economic development is expected to be a positive by (positive sign). This shows that the behavioural pattern of the variables under consideration, Pearson correlation coefficient (r) was used to determine the degree of association among variables. In addition, the coefficient of variable was used to assess the degree of volatility of the variable with regard to correlation.

In the same vein, from the 'ANOVA' result, table No.2, shows clearly that, $F=36.125$, and the probability (F-Statistics) = 0.000, which is less than 5%, when we compare the (F- calculated), with F table = (3.18).

Similarly, if $F_c \geq F_t$, means it is significant, so the Null Hypothesis $H_0=0$ is rejected (ie, no relationship between the dependent variable and all the independent variables). Hence, the alternative hypothesis is accepted $H_0=0$, it means there is relationship between the dependent variable, and all the independent variable, However, if $F_c \leq F_t$ means, the result is insignificant, But in our findings, it is clearly shows the whole model is significant, or the regression is significant, (there is influence on the economic development from the inflation rate, federal allocation, and indirect tax).

The correlation between the independent variables and the economic development appear with the correlation coefficient $R=0.96$ and $R^2=0.92$, while the adjusted R- square = 0.89, to give it more accurate.

In table No.1, the 4th column represent the probability values of the parameters of the model through which the statistical significance is determined, by the constant parameter (0.00) which is less than (0.05), meaning that, the constant is significant.

The inflation rate parameter is significant at (0.014) which is less than (0.05) meaning the constant is significant.

Federal allocation, parameter is insignificant at (0.624) which is more than (0.05) meaning that the constant is insignificant.

The internally generated revenue parameter is insignificant at (0.411) which is more than (0.05) meaning that the constant is insignificant.

Furthermore, the indirect tax parameter is insignificant at (0.639) which is more than (0.05).

Finally in Durbin Watson Test (DW) the model error or autocorrelation, it is equal to (1.7), and by references to the scale value ranging from (1.5-2.5), it is so close the standard value, which means that; the model does not suffer from the problem of autocorrelation. See table 1.

TESTING OF HYPOTHESIS:

Essentially worthy of note in the results is that, there is a significant relationship between all the independent variables, and the total revenue collected(dependent variable). Hence all the null hypothesis is thus rejected, while the alternative stands accepted.

Chapter 6

Conclusion:

- (a) Findings.
- (b) Recommendation.

SUMMARY OF FINDINGS:

Furthermore, on the analysis carried out in this thesis, the following findings were concluded:

1. It empirically shows that there is significant relationship between the rate of economic development, and the total revenue collected to Gombe state efforts.
2. Revenue from value added tax had significant impact on economic development in Gombe State.
3. The total revenue collected from federation account is strongly influenced by the development efforts of the government of Gombe state.
4. There is also relationship between internally generated revenue and economic development.
5. It showed also that government could generated more internal revenue, if proper machineries are put in place to complement statutory allocation.
6. It shows that, government needs to employ trained staff in revenue generation drive.
7. There is a significant relationship between statutory allocation to the state government, however, investment efforts could be utilize effectively to enhance more revenue to the state government.

8. The financial resources could improve revenue, if effective and efficient management put in place.
9. It shows that, state government need to perform their statutory functions, both the executive and the legislative arms of the government, so that, to meet and share ideas, opinion, set goals and objectives through which, strategy to revenue are developed and enduring the implementation of such strategies.
10. The research indicated that, there is a relationship between foreign investment and economic development.

RECOMMENDATIONS:

The state government as the tiers of government constituted by law has certain obligation to offer to people at the grass level. In order to fulfill such obligation the 1999 constitution has made available source of revenue to state government. In spite of this constitution provision, the state government still suffer much problem of revenue collection, hence, the following are therefore recommended from the study;

1. Tax Structure:

Increasing the level of tax structure in an economy would increase the level of government revenue generation, and as government revenue increase, it is expected that government investment in socio-economic and infrastructural development increase too. This however , may not be the case in a developing country, where there could exist wastages in the revenue infrastructure development nexus. Government might increase its tax structure by broadening the tax base and improving tax administration.

2. Diversifying the economy:

The continued reliance on the oil revenue as the major source of revenue for the government has affected the revenue generation capacity of economy as well as the financing ability of government. Government programs are abandoned due to inadequate revenue to finance them.

3. Budget Tracking:

There is a need for government revenue and expenditure tracking.

The public should be able to know how much budget for a particular infrastructure project is allocated to.

4. Transparency and Accountability:

One of the greatest obstacles to socio- economic development in Gombe is bribery and corruption.

5. Quality of leadership:

The quality of leadership in any organization is very important in determining the success rate of achieving organizational goals and objectives.

6. Improvement in Infrastructure:

Improving infrastructural facilities is necessary for economic development of Gombe state.

6. The state government as a matter of facts should create opportunities for investors and private organization to tap these lucrative resources in the state e.g, the solid minerals, which have not been exploited, if these minerals are properly tapped, the economy stability would be sustained, and the populace would be gainfully engaged, thereby reducing poverty.

7. The Government of Gombe state, has to take a bold initiative to improve the mining sub-sector of the economy, this is to encourage the citizens of the state to own private enterprises, similarly, training

and re-training programs for revenue officials should be organized to enable them meet the challenge of the new millennium Development Goals(MDG).

8. The state government should establish good internal control system to monitor and control the activities of the organization, communication gadgets, vehicles and motor cycles should be provided for the revenue personnel, monitoring committee should be formed to check revenue collection exercise.
9. State government should embark on meaningful project so as to improve the standard of living of the people. This can be done through the provision of bore-hole, portable water, health services, schools and libraries, etc.

10 Finally, state government should however, adopt policies of consciously involving more budgetary power and responsibilities to state government and develop a sense of political control of the state, with these numerous suggestion and recommendations, the researcher believes that the performance of Gombe state government can be highly improved, and this can go a long way to contribute to the economic development of the country.

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